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NONFOODS BUSINESS
*in selected editions

SUPERMARKET BUSINESS

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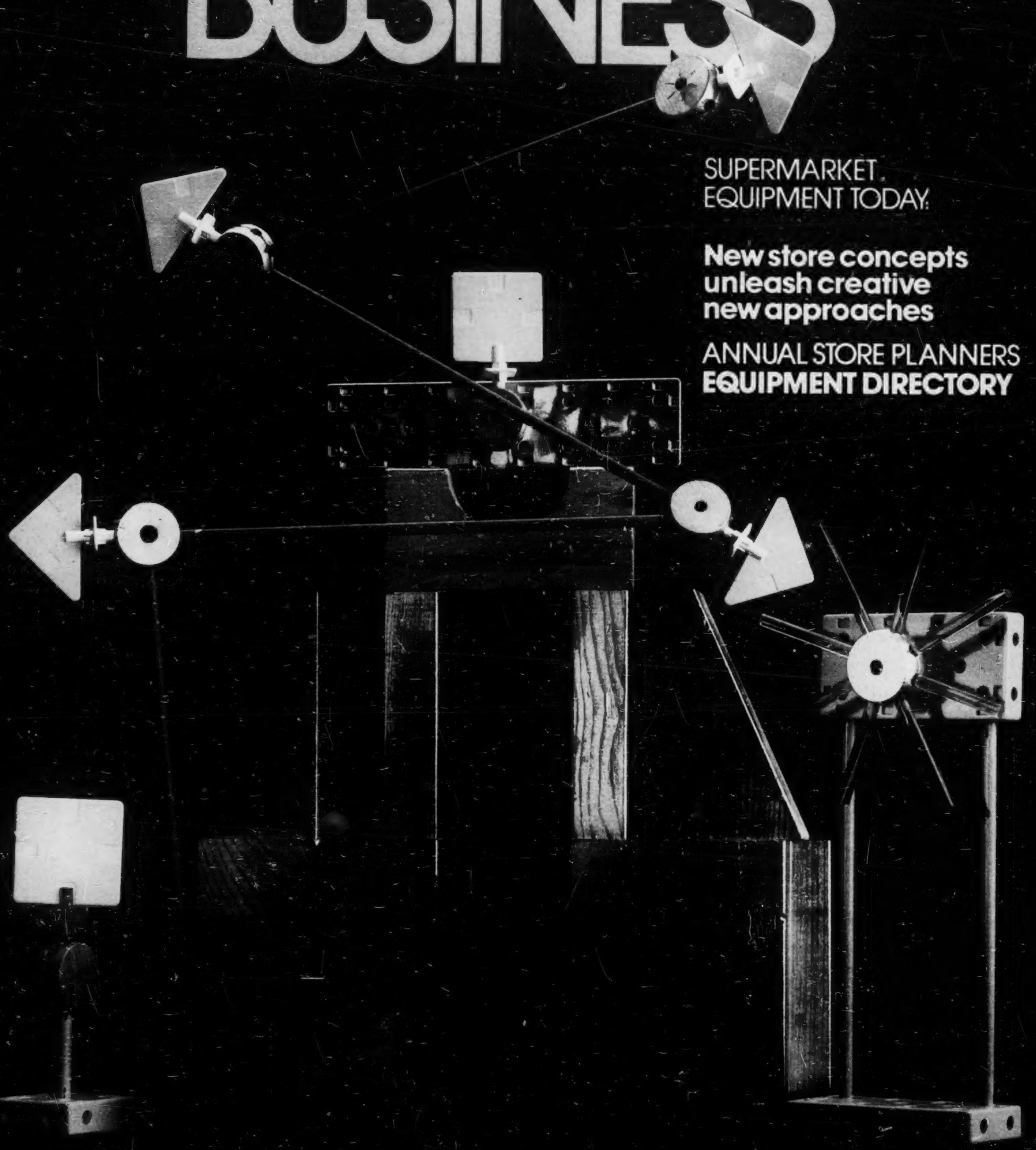
PART ONE
OF TWO PARTS

VOLUME 40, NUMBER 11
NOVEMBER 1985



SUPERMARKET EQUIPMENT TODAY:

New store concepts unleash creative new approaches

ANNUAL STORE PLANNERS
EQUIPMENT DIRECTORY

SUPERMARKET BUSINESS

VOLUME 40
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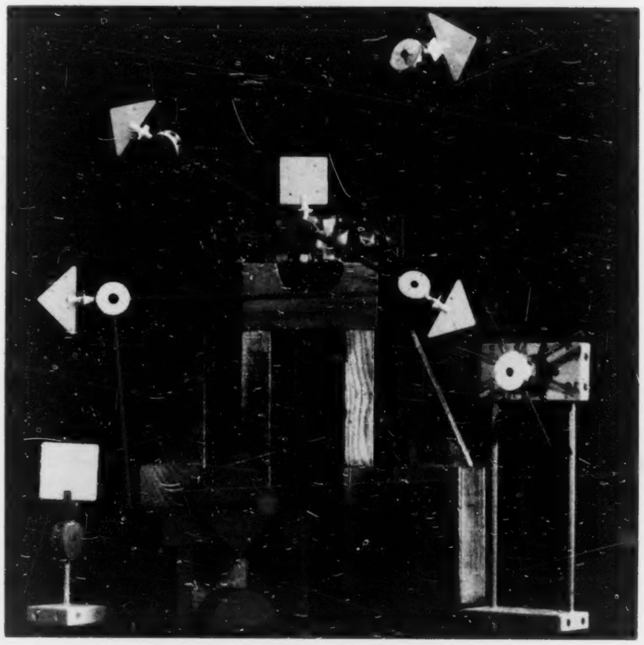

STORE EQUIPMENT TODAY: NEW STORE CONCEPTS UNLEASH CREATIVE NEW APPROACHES/ 27

BOB HUGHES, MANAGING EDITOR

The revolution in supermarket design continues, as forward-thinking, competitive independent supermarket operators are joining the fight for the shoppers' dollars, where even as early as a year ago large chains, with lots of money, dominated design innovations. Store operators are using design as a total marketing concept, and that also affects the way equipment is being designed. The standard-built era is still here, but the heat is on from Europe in the sleek, custom built arena.

V. RICHARDS CHARMS MILWAUKEE 32

CAROL FENSHOLT

Milwaukee's first truly upscale supermarket is wowing shoppers with its blend of style, architectural charm, winning service—there's even good music piped in—and warmth.

ANNUAL STORE PLANNERS EQUIPMENT DIRECTORY 41

This year, our listing of the major equipment suppliers to the industry has been greatly expanded and revised to provide the most complete guide we can.

NEW EQUIPMENT: A SAMPLER 53

NONFOODS BUSINESS* FACING PAGE 62
IN UPSCALE HBA DEPARTMENTS, THEFT TAKES NO HOLIDAY

Upscale HBA departments attract more than just affluent customers: they also bring in a better class of shoplifter. And when the losses are counted up, the bottom line can hurt.

*in selected editions only

ALSO IN NONFOODS BUSINESS: SAMI UPDATE

CHECK OUT: DON ADAMS GETS SMART, GOES TO WORK IN SUPERMARKET 68

Comedian Don Adams stars in a new television series about the hilarious exploits of a—would you believe?—supermarket store manager.

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BPA ABP American Business Press Inc

SAMI UPDATE:

HBA Sales Continue To Be Strong

BY ALAN MILLER, JR.

In this issue, we double up on the reporting of trends of unit sales of health and beauty aids categories, since SAMI offers thirteen 28-day reporting periods a year, and SUPERMARKET BUSINESS is published 12 times a year.

The mid-August and mid-September periods make a good combination, since in many respects there were similarities in sales trends. After hitting a high rate of gain of 5.0 percent in July and becoming the product department with the highest tonnage gain during the period ending Aug. 16, the HBA gain rate rose still further to 5.4 percent and once again exceeded the growth rate of refrigerated foods.

However, during the period ending Sept. 13, refrigerated foods reclaimed the number-one growth rate spot with an advance of 5.2 percent, compared with an increase of 2.9 percent for health and beauty aids. In both four-week reporting periods, there were plus signs registered for each of the eight HBA product groups reported by SAMI.

Mousses leading

During the August period, 32 HBA product categories had four-week unit sales gains, while 18 categories had losses. In the September period, the score was 34 to 16, gainers over losers. In the more recent period, the highest gain rate for a category was 85.8 percent, in the case of hair setting needs, which has been expanded dramatically by the proliferation of hair styling mousse entries by virtually all hair care manufacturers.

Since many of these brands are passing their first anniversary of launching, the rate of gain is expected to fall to more modest levels in future reports. The highest rates of decline during the September reporting period were found among low volume categories: -19.9 percent for proprietary tranquilizers, a perennial loser, and -34.7 percent for suntan lotion/suntan oil, which has low volume seasonally each year during the September reporting season.

In the August period, only one baby needs category had a loss rate, infant clothes, which is showing a 10 percent decline on an annual basis. In the September period, both infant clothes and baby oils, creams & lotions were in the minus column. There were gains of more than five percent for baby powders and nursing supplies in each of the two reporting periods.

Stick up

In the personal deodorant product group, the continuing growth of stick deodorants and anti-perspirants has taken volume from sprays, roll-ons and creams, and these three categories registered declines for both the most recent SAMI reporting periods and the year as a whole.

The loss among spray deodorants has also been triggered by the weakness of body sprays, which have not enjoyed continuing consumer favor. Also exhibiting strong sales vitality in both reporting periods were deodorant and talcum powders, where new line extensions of J&J's Shower to Shower have increased sales, and in foot deodorants and athlete's foot remedies, where high rates of gain have been achieved by two brands— Tinactin and Micatin. There were less dramatic gain rates for feminine hygiene deodorants and douches.

The gain rates for the two first aid categories tracked by SAMI combined was about the same—2.7-2.8 percent—in the two periods under scrutiny. In the August period there was a 3.3 percent drop in unit sales of first aid antiseptics but a strong recovery to 8.4 percent was registered in the succeeding period. First aid products (cotton balls, bandages, etc.) had a lower rate of gain (1.2 percent) in the more recent period than in August (4.7 percent).

Shampoos decline

In the hair care needs product group, the weakness during an eight-week interval was centered on three categories. Unit volume of shampoos declined in both periods. Home permanent kits fell 7.9 percent in the August period, but rebounded to a gain of 5.0 percent in September. Conversely, unit food store sales of hair conditioning rinses moved from a gain of 5.4 percent in August to a loss of 6.8

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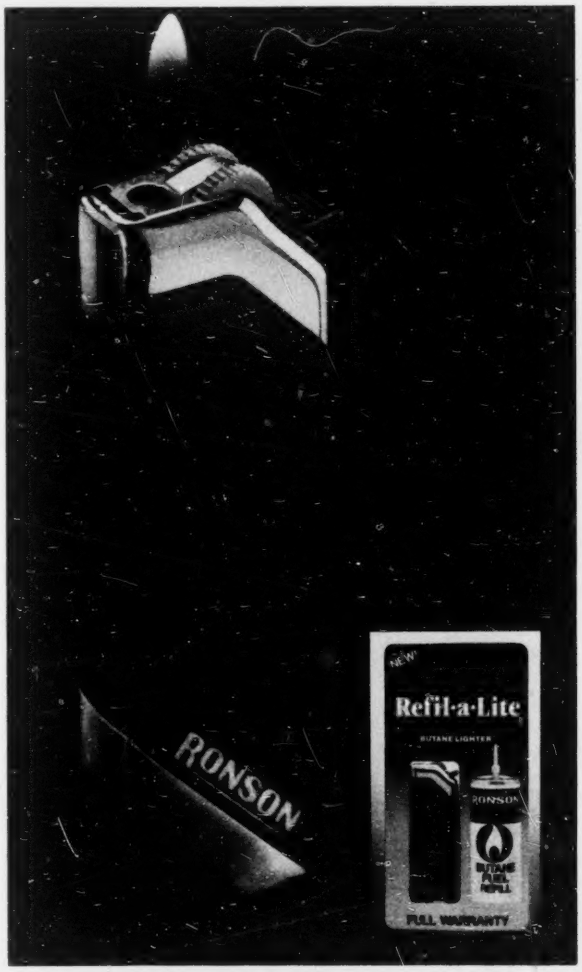


percent in September.

These two September losses in high volume categories held back the product group gain to less than a percentage point (0.6 percent). Keeping this total in the plus column for September were double-digit gains for hair coloring (12.9 percent), hair spray (12.3 percent) and hair dressing needs (10.8 percent).

Three oral hygiene categories had four-week losses in September versus the corresponding periods a year ago. Unit sales of denture adhesives fell 5.8 percent and these items show a loss in the 12 weeks (-5.6 percent), as well as full year (-1.7 percent).

Toothpastes pump up sales

Denture cleaners had a 4.6 percent gain in August but a loss of 0.6 percent in September. Mouthwash sales fell slightly in both four-week periods. Toothpaste sales have recovered as a result of strong sales trends for the pump dispensers. Early in the year, high year-ago sales of deal merchandises created volume declines. Toothbrush volume rose just over two percent in both periods.

Among the 14 proprietary remedy categories measured by SAMI, the most significant loss rates are found in the internal analgesics and appetite suppressant categories. In the former distress area, some of the weakness can be attributed to a failure of ibuprofen brands to achieve target goals and a poor sales showing among aspiring brands and arthritic specialties.

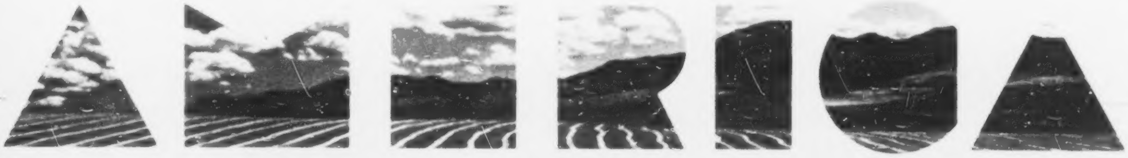
It is suggested that the sales declines for appetite suppressants can be accounted for by switches in consumer purchasing to diet foods found in a number of other SAMI categories.

Coughs up

Cold tablets and cough remedies continue to record increases, while nasal sprays-drops-inhalers encountered losses in both periods. Synthetic vitamins are also experiencing continuing weakness, but at a lower level than earlier in the year. Eye care products continue to demonstrate standout performance with gain rates in the 26 to 29 percent range of late. Sales of laxatives and stool softeners rose in both periods.

In August, two categories of shaving needs showed negative trends—after shave lotions with a four-week decline of 3.9 percent and razor blades, with a loss of 0.8 percent. However, as of the Sept. 13 reporting period, all five categories in this product group were in the plus column, with gains ranging from a high of 8.6 percent for after shave lotions to just 1.5 percent for razor blades, where continued sales vitality among disposable razors and the influx of sales from Gillette's new Atra

CELEBRATE



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HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 7/19/85	4 WEEKS ENDING 8/16/85	4 WEEKS ENDING 9/13/85
BABY NEEDS	**− 1.8%**	**+ 4.4%**	**+ 2.1%**
Baby Powders	− 9.5	+ 5.3	+ 5.5
Baby Oils, Creams & Lotions	− 0.9	+ 4.5	− 0.1
Infant Clothes	− 17.9	− 5.9	− 9.4
Nursing Supplies	+ 6.8	+ 6.6	+ 5.3
DEODORANTS	**+ 2.1%**	**+ 2.0%**	**+ 6.2%**
Sprays	− 1.8	− 5.5	− 2.6
Roll-Ons	− 13.1	− 14.7	− 6.9
Stick Deodorants & Pads	+ 18.3	+ 18.3	+ 22.9
Creams	− 9.5	− 7.9	− 7.6
Deodorants & Talcum Powders	+ 10.0	+ 29.2	+ 22.4
Feminine Hygiene Deodorants	+ 6.2	+ 7.5	+ 0.3
Foot Deodorants & Athlete's Foot Remedies	+ 10.3	+ 18.3	+ 18.5
Feminine Douches	+ 7.7	+ 10.8	+ 7.0
FIRST AID	**− 0.1%**	**+ 2.7%**	**+ 2.8%**
Antiseptics	− 3.6	− 3.3	+ 8.4
First Aid Products	+ 1.2	+ 4.7	+ 1.2
HAIR CARE NEEDS	**+ 11.5%**	**+ 7.1%**	**+ 0.6%**
Shampoos	+ 5.8	− 1.2	− 7.2
Hair Sprays	+ 12.1	+ 13.5	+ 12.3
Hair Conditioning Rinses	+ 10.4	+ 5.4	− 6.8
Hair Setting Needs	+ 148.3	+ 112.4	+ 85.8
Home Permanent Kits	− 13.0	− 7.9	+ 5.0
Hair Coloring	− 0.4	+ 10.5	+ 12.9
Hair Dressing Needs	+ 9.7	+ 12.6	+ 10.8
ORAL HYGIENE	**+ 9.6%**	**+ 10.5%**	**+ 3.5%**
Toothpastes & Powders	+ 14.3	+ 16.9	+ 5.7
Mouthwashes	+ 2.3	− 0.8	− 1.0
Breath Fresheners	+ 1.6	+ 5.2	+ 5.0
Denture Cleaners	− 4.7	+ 4.6	− 0.6
Denture Adhesives	− 5.7	− 5.4	− 5.8
Toothbrushes	+ 5.5	+ 2.2	+ 2.3
PROPRIETARY REMEDIES	**− 0.1%**	**+ 1.5%**	**+ 1.6%**
Antacids	+ 3.5	+ 3.9	+ 3.7
Internal Analgesics	− 7.4	− 8.9	− 5.9
External Analgesics	− 10.1	+ 4.8	+ 3.6
Cold Tablets	+ 11.2	+ 10.6	+ 6.6
Nasal Sprays—Drops—Inhalers	+ 0.8	− 0.6	− 4.4
Chest Rubs	+ 2.1	− 1.2	+ 4.2
Cough Remedies	+ 4.6	+ 6.0	+ 0.3
Laxatives	+ 1.7	+ 3.1	+ 3.5
Sleeping Aids	+ 11.4	+ 12.4	+ 5.0
Tranquilizers	− 26.5	− 18.4	− 19.9
Synthetic Vitamins (Natural Vitamins, Minerals, Supplements)	− 0.8	− 0.1	− 2.3
Eye Care Products	+ 27.8	+ 25.8	+ 29.0
Appetite Suppressants	− 15.1	− 6.6	− 9.6
SHAVING NEEDS	**− 0.3%**	**+ 1.4%**	**+ 2.8%**
Shaving Creams	+ 4.5	+ 8.4	+ 4.6
Pre-Shave Lotions	+ 3.0	+ 5.5	+ 2.3
After-Shave Lotions	− 4.1	− 3.9	+ 8.6
Razor Blades	− 1.8	− 0.8	+ 1.5
Razors & Blades	+ 4.1	+ 9.1	+ 2.7
SKIN CARE AIDS	**+ 17.3%**	**+ 19.0%**	**+ 13.3%**
Hand & Body Creams & Lotions	+ 20.8	+ 16.2	+ 4.1
Facial Preparations	+ 27.3	+ 44.0	+ 43.2
Lip Care Products	+ 22.9	+ 31.4	+ 29.1
Suntan Lotions & Oils	+ 15.0	− 3.9	− 34.7
Cosmetic & Medicated Skin Aids	+ 4.6	+ 8.1	+ 6.4
TOTAL ALL CATEGORIES	**+ 5.0%**	**+ 5.4%**	**+ 2.9%**

Plus has caused a continuing loss situation to come to an end.

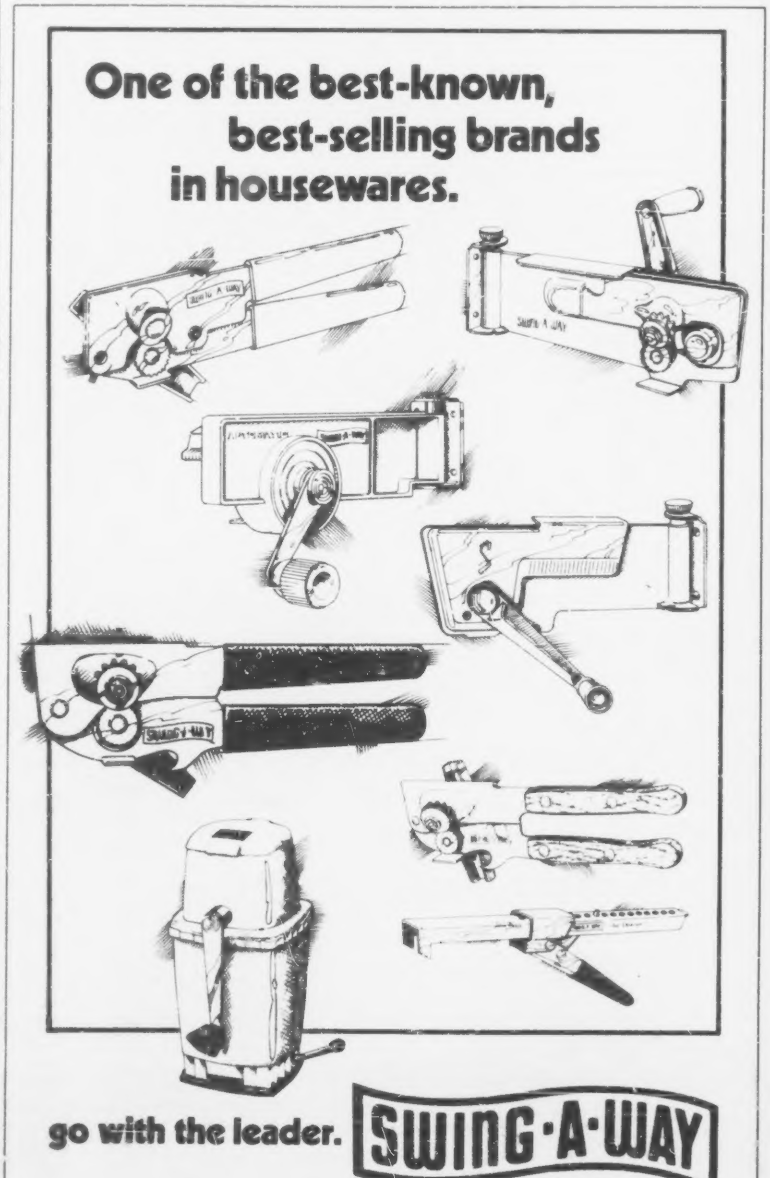
Shaving creams have been faring well of late since corresponding year-ago sales periods no longer reflect high levels of consumer deals, which caused unit volume losses earlier this year.

Facial preparations

The rate of gain among skin care needs has declined from +19.0 percent in August to 13.3 percent in the more recent four-week period. The highest growth rates were found among facial preparations, where new products such as 3M's Buf-Puf have caused category volume to expand and also in the lip care products category, where all major brands are enjoying sales increases, particularly Vaseline, with new items in national distribution.

The gain rate among hand & body creams & lotions has subsided in the most recent period and moved from +16.2 percent in August to just 4.1 percent in the mid-September reporting period. Sales of cosmetic and medicated skin aids continue firm with increase of 8.1 percent and 6.4 percent respectively in the August and September tracking.

Hopefully, the bullish trends encountered in recent months will carry through during the final periods of 1985. As of the year ending September 13, 1985, dollar sales of all health and beauty aids combined measured by SAMI are 7.5 percent ahead of sales in a similar year ago period. This is the highest percentage gain in dollars of any SAMI product department. In 52-week units, the gain rate is 2.1 percent, which is surpassed by refrigerated foods, recording a gain of 3.2 percent.



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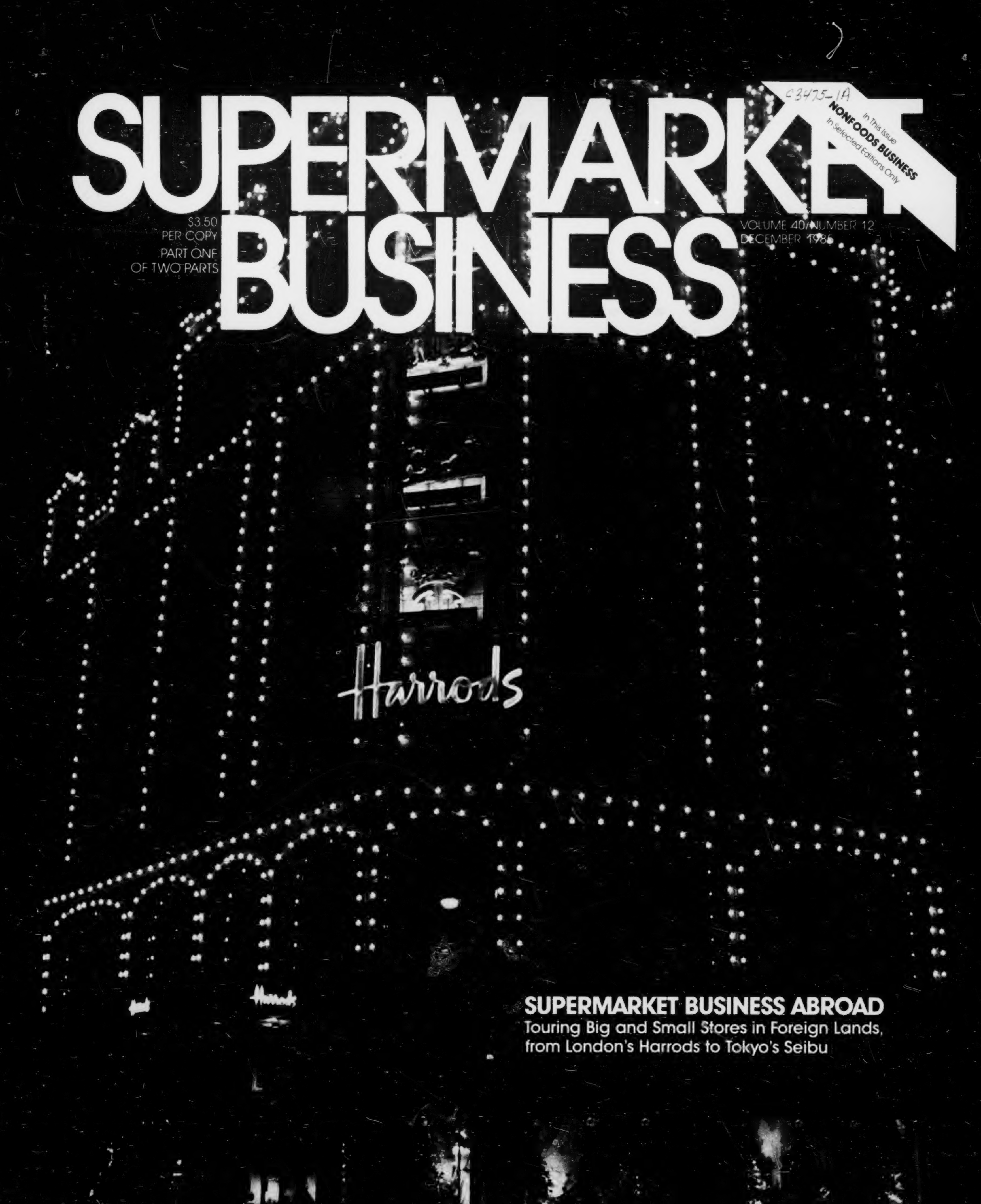

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SUPERMARKET BUSINESS ABROAD

Touring Big and Small Stores in Foreign Lands, from London's Harrods to Tokyo's Seibu

SUPERMARKET BUSINESS

VOLUME 40
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DECEMBER 1985

SUPERMARKET BUSINESS ABROAD: RETAILING WITH A FOREIGN ACCENT/KEN PARTCH, EDITOR 25

SUPERMARKET BUSINESS takes a camera tour of supermarkets in and around London, Amsterdam and Japan. In Britain, as in much of Europe, space is at a premium. But the British are beginning to come up with enormous stores that sell vast quantities of food and nonfoods. The Dutch, with less space, emphasize service and freshness. Shopping on the whole is on a much smaller scale than in the United States, but European stores can still provide American retailers with some merchandising tips.

JAPAN: WHERE SPACE IS PRECIOUS, SAVVY TRIUMPHS OVER SIZE/MIKE O'CONNOR 30

A country the size of Japan cannot afford to have enormous supermarkets. But it does terrific volume with some sophisticated, stylish and superbly well-run supermarkets.

CIGARETTES: MANUFACTURER SEND CHANGING SMOKE SIGNALS/PETER LEVITEN 39

Tobacco companies have been buffetted by consumption declines, and by what they see as lax merchandising techniques by supermarket operators. They are now aggressively courting smaller groups for new market shares.

NONFOODS BUSINESS* IN BRITAIN, FOOD MEETS NONFOODS FACING PAGE 44

They don't mind buying desserts and dresses at the same store in Britain. Foods and nonfoods are given equal weight.

AT FOODMASTER, 'STRATEGIC PLACEMENT' MOVES NONFOODS/KEVIN COUPE

Seeking a greater share of market, this Massachusetts store increased nonfoods space by 400 percent.

ALSO IN NONFOODS BUSINESS:
SAMI UPDATE
NEW PRODUCTS

*in selected editions only

INSTORE BUSINESS: OUTSTANDING DELI & BAKERY EFFORTS 49

Here, we look at some of the best designs and promotions we've come across.

CHECKOUT: AT KAUFELT'S, THE SALAD BAR GOES CHIC/BOB HUGHES 64

What's oak and brass and shopped all over? The brand-new salad bar at Kaufelt's, an upscale store that recently opened in New Jersey.

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BPA ABP American Business Press Inc

Mergers And Acquisitions Reach An All-Time High This Year

FAIR LAWN, N.J.—A record number of food industry-related mergers and acquisitions took place during the first nine months of 1985, and there is no reason to believe that pace will diminish in the next year, according to The Food Institute.

"The ongoing restructuring of the food industry is picking up steam, with no signs of slowing down," said Frank Panyko, Food Institute vice president, speaking at the Produce Marketing Association's annual convention in San Francisco in late October.

Those words were well chosen, since a few weeks after his speech, on Nov. 14, The Beatrice Companies set a record for a non-oil-company takeover price, agreeing to be purchased by the management buyout firm of Kohlberg, Kravis, Roberts & Company for $6.2 billion.

Almost 500 transactions

Panyko noted that there were nearly 500 transactions, the highest figure ever for the first three fiscal quarters since the institute began compiling statistics in the early '70s.

"While we still have to see what the final quarter of the year will bring, 1986 clearly will go down as an important year for mergers in the nation's largest industry—including the recent acquisition of General Foods by Phillip Morris, creating the largest non-oil-related takeover ever until the Beatrice deal, valued at almost $5 billion."

Several areas had intensive activities during the nine-month period, according to the institute. Diversified food processors, with 73 mergers/acquisitions, were down from 80 for the previous period.

There were 42 mergers/acquisitions for restaurant and foodservice companies, compared with 49 for all of 1984 and 43 in 1983; 17 transactions for convenience stores in this year's first three quarters, more than last year's total of 12; and consolidation among grocery wholesalers, 29 mergers/acquisitions, compared with 36 for all of last year and 27 in 1983.

The right combinations

Commenting on the consequences of all these restructured companies, Panyko observed, "The combinations that work will make for stronger competitors in various industry areas. Along with the R.J. Reynolds/Nabisco and the Phillip Morris/General Foods combinations, other moves, smaller by comparison, are restructuring the food industry in a variety of ways.

"In the food processing area, we've seen Pillsbury move aggressively deeper into the restaurant business with the acquisition of Diversifoods, the largest franchisee of Burger King restaurants (Pillsbury owns Burger King), and the operator and franchisor of Godfather's, a leading pizza chain.

"Aside from that major move, Pillsbury also acquired Quik Wok, a small chain of Chinese fast food outlets, as well as a number of smaller Burger King franchises. Not overlooking other areas, the company also acquired the frozen potato division of R.T. French. Sticking close to their original business, Pillsbury also this year acquired a California-based producer of wheat flour and baking mixes."

Sara Lee is busy

Panyko noted that Sara Lee, formerly known as Consolidated Foods, was busy divesting, selling operations that included Idaho Frozen Foods, foodservice operations mainly in California, Nevada and Texas, its Sav-A-Stop merchandise division, parts of Booth Fisheries, and the 700-unit Lawson convenience store chain. The company's purchases included Ralston-Purina's foodservice division.

Beatrice, prior to its takeover, maintained an active transaction pace, divesting not only some of its non-foods businesses, but also its Shedd's Spread division, bakery operations, cookie businesses and cryogenic container operation.

Panyko added that Beatrice was pushing its meat operations, with Butterball turkey moving into pre-cut deli items.

More to come

"Beatrice is apparently taking the leveraged buyout route, thus making for an almost Byzantine transition, stemming from the Esmark takeover of Norton Simon, to Beatrice's acquisition of Esmark."

"The development of each of those diversified firms makes an interesting story," Panyko said. "While analysts thought the final chapter would be written as Beatrice divested itself of over $1 billion worth of operations, it looks as if the tale is not yet fully told."

Panyko observed that the flurry of divestments, acquisitions and mergers was an effort by manufacturers to maintain or boost market share in an increasingly competitive business environment.

FOOD BUSINESS MERGERS & ACQUISITIONS
First Nine Months—1985
(Food Institute analysis)

Category:	Total No. of Acq.	No. of Ind. Purchasers	Acq. of Sim. Businesses	Acq. of Firms Outside Food Industry
Agricultural Cooperatives	10 (6)	10 (6)	10 (6)	—0—
Bakers	12 (8)	10 (7)	11 (8)	1
Brewers	4 (1)	3 (1)	4 (1)	—0—
Brokers	18 (8)	16 (6)	18 (8)	—0—
Confectioners	2 (0)	2 (0)	2 (0)	—0—
Dairy Processors	13 (12)	9 (8)	13 (10)	—0—
Diversified Firms with Interests in the Food Industry	23 (31)	18 (20)	—	9
Food Processing Firms	73 (80)	38 (50)	65 (70)	7
Foodservice Vendors	15 (12)	8 (4)	12 (12)	2
Hotel & Lodging Companies	8 (3)	5 (3)	8 (3)	—0—
Meat Packers	4 (5)	3 (4)	4 (4)	—0—
Nonfood Package Selling Through Supermarkets	4 (2)	4 (1)	4 (1)	4
Packaging Suppliers	19 (25)	13 (15)	19 (11)	—
Poultry Processors	6 (10)	6 (8)	6 (10)	—0—
Primary Products Companies	8 (11)	8 (11)	8 (11)	—0—
Restaurants & Foodservice Concerns	43 (35)	27 (32)	42 (35)	—0—
Retailers				
Convenience	17 (10)	15 (8)	14 (10)	3
Supermarkets	14 (21)	12 (12)	11 (19)	3
Other	6 (7)	6 (6)	—	—
Seafood Processors	2 (2)	2 (2)	2 (2)	—0—
Snack Food Processors	7 (0)	7 (0)	7 (0)	—0—
Soft Drink Bottlers	11 (10)	4 (6)	8 (8)	1
Sugar Refiners	2 (1)	2 (1)	2 (1)	—0—
Suppliers To the Food Industry	17 (18)	16 (18)	15 (18)	—
Unclassified & Private Individuals	91 (109)	91 (107)	—	34
Wholesalers	29 (31)	24 (28)	28 (19)	1
Foreign Firms Buying U.S. Firms; Canadian Firms	5 (5)	4 (4)	5 (5)	—0—
Other Foreign	36 (21)	29 (17)	—	7
TOTAL	498 (484)	392 (385)	318 (254)	46

NOTE: Numbers in parentheses indicate number of transactions through the first nine months of 1984.

First-time Entry in SB Contest Wins VCR

NEW YORK—It was a classic misunderstanding that resulted in an abruptly terminated phone conversation. But Patrick Murphy was finally reached and told the good news: he won a VCR as October's winner in the SUPERMARKET BUSINESS contest, "How Well Do You Know the Supermarket Business?"

Murphy is the manager of Miller's Food City in Spirit Lake, Idaho, a town of about 1,000. An early call to the 6,000-square-foot "super convenience store" was fielded by an employee who mistook the caller for a salesman. And when he heard that the prize was a VCR, he replied, "That's always a nice thing," and promptly hung up.

"That was Mark, one of the owner's (Joe Miller) two sons," Murphy later explained. "You see, we're always getting calls from salesmen, and he works in the meat department and has these guys call up all the time and say stuff like, 'Congratulations, you've won a free set of knives,' or something like that. Since we're so busy here, we don't have the time to do business over the phone, and we're kind of suspicious about these calls.

"But when I found out that it was a call from New York, I thought, 'Uh-oh, what was that?' A VCR? Hot dog, you guys are all right!"

The first time proved to be the charm for Murphy. He has filled out the contest questionnaire in the past but had never sent it in before the October issue. Noticing that employees from area stores were listed among the correct entries provided the impetus.

"I read the whole magazine first, then after I'm done reading it, I go back and try to do the questions. I can usually get them all except for the ads, which I have to check back. It's fun just to look through the list of correct answers to see if there's anyone in there from this area."

Miller's is a member of the U.R.M. Stores, Inc. cooperative, based in Spokane, Wash. According to Murphy, the store, despite its small size, likes to offer a little bit of everything, including a service meat department with a smokehouse, "competitive prices on groceries," and gas pumps. Spirit Lake, he said, turns into a "mini-California" in the winter, with vacationers from nearby states taking advantage of the beautiful mountainous terrain and ski slopes.

Murphy also extended us an invitation to come out and see his "beautiful town and store" someday. We may take you up on that, Pat, but we'll let you know by telegram.

This month's contest can be found on page 62, and the list of correct entries for October begins on page 46. And don't forget, Murphy and all other SUPERMARKET BUSINESS contest winners, as well as readers, are eligible for our special contest, which will appear in next month's issue.

SAMI UPDATE:

HBA Sales Continue To Rise, Although at a Slower Rate

BY ALAN MILLER, JR.

Although the sales gains in HBA products are slowing a bit, the whole department is experiencing quite good sales this year.

During the four weeks ending Oct. 11, 1985, food store unit sales of health and beauty aids continued upward, but the 1.8 percent growth rate trailed the increases of 5.4 percent and 2.9 percent during the two preceding 28-day reporting periods.

The increase amounted to more than 4.78 million units, and the gain rate was higher than the 1.6 percent increase recorded in the dry grocery:nonfood department, and 1.7 percent for shelf stable foods. This represented a far stronger performance that that seen in the frozen food section, where a loss of 2.1 percent in unit sales was registered. Once again, the highest rate of growth in food store product departments was among refrigerated foods, where four-week unit volume rose 4.4 percent.

While each of the eight product groups measured by SAMI had unit sales gains in the two preceding periods, this time, two had minor declines. First aid products had a loss of 0.1 percent and proprietary remedies had a drop of 0.3 percent. The highest rates of gain at the product group level were 5.1 percent for hair care needs, and 4.9 percent for personal deodorants.

Although more product categories had gains than losses—27 gains versus 23 losses—the preponderance of gains was less than the 34 to 16 ratio seen in the period ending in mid September. The most significant change between the periods was found in the hand and body cream and lotion category, where a gain of 4.1 percent has turned into a loss of 12 percent, as this category is being compared against a corresponding period a year ago, in which the October gain had been 8.3 percent compared with the 1983 period.

In the baby needs product group, three out of four categories were successful in achieving increased sales. The only decline was an 11.9 percent loss for infant clothes, which is running consistently behind year-earlier levels. Since this is the baby needs category with lowest sales, however, the loss was not sufficient to cause a negative trend in the product group as a whole, and a 2.8 percent gain was achieved. Baby powder sales grew 7.2 percent, the best performance for these products in many months.

Sticks still reign

The scenario in the deodorant product group has not changed markedly from the trends observed in recent months. Stick deodorants are continuing to solidify their hold in first place among all deodorant and antiperspirant types. The most recent gain of 20.9 percent parallels the 12-week rate of increase, and is higher than the 12.8 percent gain on an annual basis.

These stick brands are pulling sales away from roll-ons, creams and sprays, and in the latter case, a weakness here of 5.1 percent is also attributable to the fact that body deodorant sprays have not been able to maintain their initial sales momentum. In the current period, volume of feminine hygiene deodorants was back in the minus column, with a 2.1 percent loss, but because of their relatively small volume base, this decline lacks importance.

The sales level of deodorant and talcum powders has continued up, as a result of volume contributed by new line extensions of Shower to Shower in particular. Also enjoying a double-digit rate of gain for the fourth month in a row were foot deodorants and athlete's foot remedies, this time showing a gain of 14.1 percent.

First aid antiseptics enjoyed a gain of 4.7 percent, but this increased volume was offset by a loss of 1.3 percent in the higher-volume first aid products category. The net loss was only 10,000 units, however, or a dip of 0.1 percent for both categories combined.

Hair loss

Three hair care needs had lower volume than in the reporting period a year ago, but in the case of shampoos (−0.1 percent) and hair conditioning rinses (−2.7 percent), the loss rates were lower than those registered in the previous period (−7.2 percent and 6.8 percent, respectively). But after recording a gain in the previous period, home permanent kits moved downward 3.2 percent.

The rate of gain for hair setting needs, where the hair styling mousse products have been flourishing, has been declining, as these products move toward a period of maturity. In the four-week period, their movement was forward to the tune of 85.2 percent, just below the 85.8 percent gain recorded in the September period.

Hair spray sales registered another important gain, continuing a consistent trend of double-digit increases. There were gains in excess of 5 percent for both hair coloring products (+6.3 percent) and hair dressing needs (+7.2 percent). In all, the four-week gains for all hair care needs combined totaled 2.3 million units, a gain of 5.1 percent over the period a year ago, which was ahead of the 1983 level by 12.1 percent—thus a strong gain on top of strength for these items.

The 1.2 percent gain rate for oral hygiene items was hurt by declines of 8.6 percent, 6.8 percent and 6.0 percent for mouth washes, denture adhesives and denture cleaners, respectively. As a result of new product line extension activity in the toothpaste and powder segment, particularly involving dentrifice pumps, this category was able to show a four-week gain of 1.4 million units representing an increase of 4.6 percent. For the third period in a row, the sales gain for toothbrushes was just over the 2 percent level.

Proprietary remedies

SAMI tracks 14 proprietary remedy categories, although the sales of natural vitamins, mineral and supplements are not included, since a full year of data are not available in this new category. Of the remaining 13 categories, seven had unit volume increases and six had losses.

From a percentage standpoint, the 24.0 percent loss for proprietary tranquilizers is the most dramatic drop, but it must be kept in mind that these products contributed only 18,000 items during the 28-day period. Of greater significance are the losses of 3.4 percent for internal analgesics, where two of the three new major brands (Advil, Nuprin and Encaprin) are experiencing weakness; cough remedies, down 4.5 percent, and nasal sprays-drops-inhalers off 7.0 percent.

Among the cold remedies, cold tablets (+5.5 percent) continued to exhibit upward progress, and it should be kept in mind that recent strength in this category has been achieved against a strong base period a year ago, during the mid- and late summer months.

Laxative sales

Antacids have been recording gains ranging between 3 and 4 percent during the past four sales periods. Laxative sales rose 3.6 percent and both synthetic vitamins and sleeping aids were just barely in the plus column. As has been customary for months, the best sales performance in this product group is shown by eye care products, particularly items for contact lens wearers. Sales of appetite suppressants are weak, and it must be surmised that some consumers are shifting their allegiance to other types of diet products found in food departments.

In the preceding period, all five shaving needs categories had plus signs, but in the most recent interval, loss rates were found in the two categories with low volume bases: a decline of 1.7 percent for pre-shave lotions, and 2.9 percent for razor sets.

Shaving cream sales were close to par against a year ago (+0.4 percent), while relatively strong growth trends were found among after shave lotions (+9.3 percent) and razor blades (+4.0 percent)—thanks to volume from Gillette's Atra Plus and the continuing sales vitality for disposables.

The rapid expansion in the skin care aids product group reversed direction, and in all five categories combined, the growth was less than 1 percent (+0.6 percent) in contrast with a series of double-digit gain rates in recent months. As noted earlier, the most significant change in trend was the 12.0 percent loss encountered by hand and body creams and lotions, which were up against an increase of 8.3 percent, in the corresponding period a year ago, versus October 1983.

To a large extent, as the result of sales contributed by Buf Puf, volume for facial preparations soared 31.8 percent, but this advance was less than the gains exceeding 40 percent seen in the two preceding periods.

Lip care

Another category with a trend reversal was lip care products, where a modest decline of 0.7 percent was in sharp contrast with gains ranging from 23 to 31 percent in the three prior 28-day periods. A loss of 2.7 percent for suntan lotion-suntan oil is not important after summer has ended. Movement of cosmetic and medicated skin aids was ahead 1.8 percent, also a lower gain rate than had been observed during the summer.

As 1985 draws to a close, there is little time remaining for new HBA product introductions to provide important sales impetus, since few companies choose to launch their new offerings during the year-end holiday season. But based on performance to date, it would appear that health and beauty aids will end up the year with the highest rate of increase in dollar sales, among items that SAMI tracks. During the year ending Oct. 11, the gain stood at 7.5 percent, in comparison with 4.6 percent for all departments combined.

HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 8/16/85	4 WEEKS ENDING 9/13/85	4 WEEKS ENDING 10/11/85
BABY NEEDS	**+ 4.4%**	**+ 2.1%**	**+ 2.8%**
Baby Powders	+ 5.3	+ 5.5	+ 7.2
Baby Oils, Creams & Lotions	+ 4.5	− 0.1	+ 2.6
Infant Clothes	− 5.9	− 9.4	−11.9
Nursing Supplies	+ 6.6	+ 5.3	+ 5.2
DEODORANTS	**+ 2.0%**	**+ 6.2%**	**+ 4.9%**
Sprays	− 5.5	− 2.6	− 5.1
Roll-Ons	−14.7	− 6.9	− 3.2
Stick Deodorants & Pads	+18.3	+22.9	+20.9
Creams	− 7.9	− 7.6	− 9.5
Deodorants & Talcum Powders	+29.2	+22.4	+17.7
Feminine Hygiene Deodorants	+ 7.5	+ 0.3	− 2.1
Foot Deodorants & Athlete's Foot Remedies	+18.3	+18.5	+14.1
Feminine Douches	+10.8	+ 7.0	+ 4.9
FIRST AID	**+ 2.7%**	**+ 2.8%**	**− 0.1%**
Antiseptics	− 3.3	+ 5.4	+ 4.7
First Aid Products	+ 4.7	+ 1.2	− 1.3
HAIR CARE NEEDS	**+ 7.1%**	**+ 0.6%**	**+5.1%**
Shampoos	− 1.2	− 7.2	− 0.1
Hair Sprays	+13.5	+12.3	+12.4
Hair Conditioning Rinses	+ 5.4	− 6.8	− 2.7
Hair Setting Needs	+112.4	+85.8	+85.2
Home Permanent Kits	− 7.9	+ 5.0	− 3.2
Hair Coloring	+10.5	+12.9	+ 6.3
Hair Dressing Needs	+12.6	+10.8	+ 7.2
ORAL HYGIENE	**+10.5%**	**+ 3.5%**	**+ 1.2%**
Toothpastes & Powders	+16.9	+ 5.7	+ 4.6
Mouthwashes	− 0.8	− 1.0	− 8.6
Breath Fresheners	+ 5.2	+ 5.0	+ 1.0
Denture Cleaners	+ 4.6	− 0.6	− 6.0
Denture Adhesives	− 5.4	− 5.8	− 6.8
Toothbrushes	+ 2.2	+ 2.3	+ 2.2
PROPRIETARY REMEDIES	**+ 1.5%**	**+ 1.6%**	**− 0.5%**
Antacids	+ 3.9	+ 3.7	+ 3.5
Internal Analgesics	− 8.9	− 5.9	− 3.4
External Analgesics	+ 4.8	+ 3.6	− 2.5
Cold Tablets	+10.6	+ 6.6	+ 5.5
Nasal Sprays—Drops—Inhalers	− 0.6	− 4.4	− 7.0
Chest Rubs	− 1.2	+ 4.2	+ 0.3
Cough Remedies	+ 6.0	+ 0.3	− 4.5
Laxatives	+ 3.1	+ 3.5	+ 3.6
Sleeping Aids	+12.4	+ 5.0	+ 1.4
Tranquilizers	−18.4	−19.9	−24.0
Synthetic Vitamins (Natural Vitamins, Minerals, Supplements)	− 0.1	− 2.3	—
Eye Care Products	+25.8	+29.0	+23.3
Appetite Suppressants	− 6.6	− 9.6	− 7.2
SHAVING NEEDS	**+ 1.4%**	**+ 2.8%**	**+ 3.2%**
Shaving Creams	+ 8.4	+ 4.6	+ 0.4
Pre-Shave Lotions	+ 5.5	+ 2.3	− 1.7
After-Shave Lotions	− 3.9	+ 8.6	+ 9.3
Razor Blades	− 0.8	+ 1.5	+ 4.0
Razors & Blades	+ 9.1	+ 2.7	− 2.9
SKIN CARE AIDS	**+19.0%**	**+13.3%**	**+ 0.6%**
Hand & Body Creams & Lotions	+16.2	+ 4.1	−12.0
Facial Preparations	+44.0	+43.2	+31.8
Lip Care Products	+31.4	+29.1	− 0.7
Suntan Lotions & Oils	− 3.9	−34.7	− 2.7
Cosmetic & Medicated Skin Aids	+ 8.1	+ 6.4	+ 1.8
TOTAL ALL CATEGORIES	**+ 5.4%**	**+ 2.9%**	**+ 4.8%**

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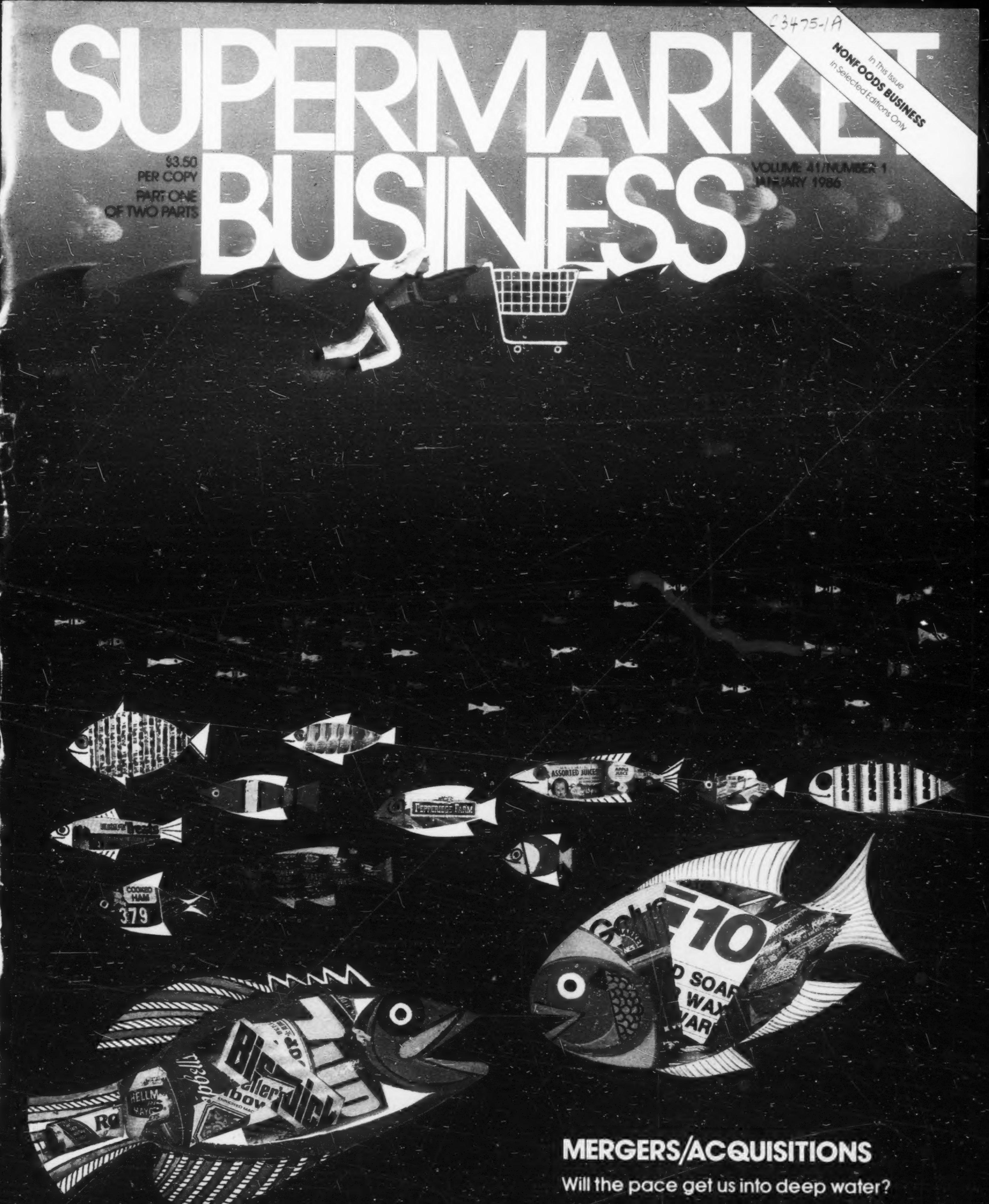
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MERGERS/ACQUISITIONS

Will the pace get us into deep water?

SUPERMARKET BUSINESS

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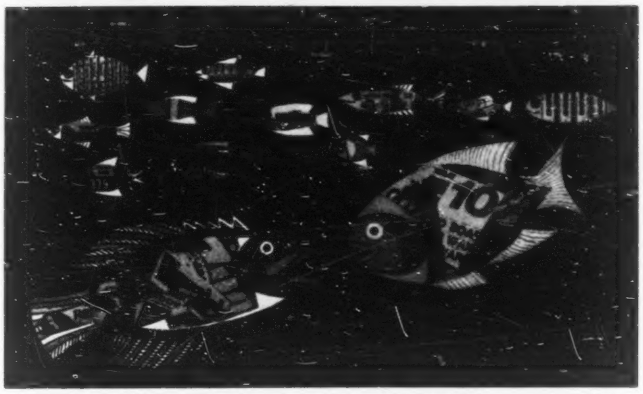

MERGERS/ACQUISITIONS: WILL THE PACE GET US INTO DEEP WATER?/A STAFF REPORT **15**

Is grocery industry consolidation a good thing? Can the consumer be better served by this? Large and small supermarkets—both chain and independent—must radically rethink their competitive strategies in the face of powerful new suppliers. Top industry chiefs air their views with SUPERMARKET BUSINESS editors on these developments.

A MARKET IN FLUX: WITH PRICE & SERVICE, THEY LOVE THEM TO DEATH IN COLUMBUS/BOB HUGHES AND KEVIN COUPE **22**

The coming of Cub Foods into this vital Ohio marketplace has not yet generated the price war that some observers had predicted. Instead, retailers here are responding calmly to Cub's powerful low-price presence by upgrading their stores and stressing service.

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BOB HUGHES

Grace Balducci's Marketplace isn't related to the trendsetting downtown Balducci's, but it emphasizes the same Old-World flavor and high quality.

WINN-DIXIE'S NEW ORLANDO SUPER WAREHOUSE PROTOTYPE MEANS BUSINESS **35**
BOB DIETRICH

Inevitably, the super warehouse store format was bound to reach Orlando. Winn-Dixie's Table Supply is its first.

MEET THE NEIGHBORS **40**

A look at how Winn-Dixie used market research to select the site for its new Table Supply store.

BULK FOODS SETTLE IN/PETER LEVITEN **43**

While some retailers are cutting back on their bulk foods operations, others are leaping into the concept wholeheartedly.

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CHECKOUT: 'TAKE MY SUPERMARKET, PLEASE' **56**

Comedian Henny Youngman cracked a few one-liners, and a lot of smiles, when he appeared at the opening of a Miami Xtra store.

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BPA ABP American Business Press Inc

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	**4 WEEKS ENDING 9/13/85**	**4 WEEKS ENDING 10/11/85**	**4 WEEKS ENDING 11/8/85**
BABY NEEDS	**+ 2.1%**	**+ 2.8%**	**+ 1.4%**
Baby Powders	+ 5.5	+ 7.2	− 4.2
Baby Oils, Creams & Lotions	− 0.1	+ 2.6	+ 3.5
Infant Clothes	− 9.4	− 11.9	− 9.2
Nursing Supplies	+ 5.3	+ 5.2	+ 5.3
DEODORANTS	**+ 6.2%**	**+ 4.9%**	**+ 4.1%**
Sprays	− 2.6	− 5.1	− 5.8
Roll-Ons	− 6.9	− 3.2	− 4.6
Stick Deodorants & Pads	+ 22.9	+ 20.9	+ 19.2
Creams	− 7.6	− 9.5	− 13.3
Deodorants & Talcum Powders	+ 22.4	+ 17.7	+ 7.1
Feminine Hygiene Deodorants	+ 0.3	− 2.1	− 8.4
Foot Deodorants & Athlete's Foot Remedies	+ 18.5	+ 14.1	+ 9.5
Feminine Douches	+ 7.0	+ 4.9	+ 6.9
FIRST AID	**+ 2.8%**	**− 0.1%**	**+ 2.7%**
Antiseptics	+ 8.4	+ 4.7	+ 4.2
First Aid Products	+ 1.2	− 1.3	+ 2.3
HAIR CARE NEEDS	**+ 0.6%**	**+ 5.1%**	**+ 7.5%**
Shampoos	− 7.2	− 0.1	+ 1.7
Hair Sprays	+ 12.3	+ 12.4	+ 18.3
Hair Conditioning Rinses	− 6.8	− 2.7	+ 4.6
Hair Setting Needs	+ 85.8	+ 85.2	+ 40.4
Home Permanent Kits	+ 5.0	− 3.2	− 10.0
Hair Coloring	+ 12.9	+ 6.3	+ 7.7
Hair Dressing Needs	+ 10.8	+ 7.2	+ 9.6
ORAL HYGIENE	**+ 3.5%**	**+ 1.2%**	**− 3.8%**
Toothpastes & Powders	+ 5.7	+ 4.6	− 6.2
Mouthwashes	− 1.0	− 8.6	− 5.3
Breath Fresheners	+ 5.0	+ 1.0	− 5.6
Denture Cleaners	− 0.6	− 6.0	− 1.1
Denture Adhesives	− 5.8	− 6.8	− 5.6
Toothbrushes	+ 2.3	+ 2.2	+ 10.9
PROPRIETARY REMEDIES	**+ 1.6%**	**− 0.5%**	**+ 2.9%**
Antacids	+ 3.7	+ 3.5	+ 3.5
Internal Analgesics	− 5.9	− 3.4	− 2.7
External Analgesics	+ 3.6	− 2.5	+ 2.0
Cold Tablets	+ 6.6	+ 5.5	+ 8.5
Nasal Sprays—Drops—Inhalers	− 4.4	− 7.0	+ 3.9
Chest Rubs	+ 4.2	+ 0.3	+ 5.3
Cough Remedies	+ 0.3	− 4.5	+ 3.3
Laxatives	+ 3.5	+ 3.6	+ 1.6
Sleeping Aids	+ 5.0	+ 1.4	+ 12.1
Tranquilizers	− 19.9	− 24.0	− 33.9
Synthetic Vitamins (Natural Vitamins, Minerals, Supplements)	− 2.3	—	+ 10.0
Eye Care Products	+ 29.0	+ 23.3	+ 22.9
Appetite Suppressants	− 9.6	− 7.2	− 9.3
SHAVING NEEDS	**+ 2.8%**	**+ 3.2%**	**+ 4.6%**
Shaving Creams	+ 4.6	+ 0.4	+ 3.3
Pre-Shave Lotions	+ 2.3	− 1.7	+ 5.4
After-Shave Lotions	+ 8.6	+ 9.3	− 2.3
Razor Blades	+ 1.5	+ 4.0	+ 5.9
Razors & Blades	+ 2.7	− 2.9	+ 8.8
SKIN CARE AIDS	**+ 13.3%**	**+ 0.6%**	**+ 9.7%**
Hand & Body Creams & Lotions	+ 4.1	− 12.0	+ 0.9
Facial Preparations	+ 43.2	+ 31.8	+ 36.9
Lip Care Products	+ 29.1	− 0.7	+ 16.7
Suntan Lotions & Oils	− 34.7	− 2.7	+ 46.0
Cosmetic & Medicated Skin Aids	+ 6.4	+ 1.8	+ 1.4
TOTAL ALL CATEGORIES	**+ 2.9%**	**+ 1.8%**	**+ 2.9%**

SAMI UPDATE

HBA Food Store Sales Accelerate as a Good Year Draws to a Close

BY ALAN MILLER, JR.

Owing to a sales explosion in facial preparations, skin care products are up 9.7 percent from a year ago.

During the four-week SAMI reporting period ended Nov. 8, 1985, the growth rate for health & beauty aids (HBA) picked up a bit from the gain recorded in the prior period. Unit sales through food stores were 2.9 percent higher than those reported during the corresponding period a year ago. This increase was surpassed on a product department basis only by a rise of 3.2 percent in units of refrigerated foods.

In all product departments combined, the growth rate measured in units was just one-half of a percent, and there were four-week loss rates in dry grocery:food (-0.2 percent) and frozen foods (-2.2 percent). There was a gain of 2.2 percent in the unit volume of dry grocery:nonfood.

Worrisome weakness

The one HBA product group exhibiting worrisome weakness was oral hygiene, where the only plus sign was for toothbrushes. The product group loss amounted to 3.8 percent and compares with a gain of 1.2 percent in the preceding period vis-à-vis a similar period last year.

The other seven HBA product groups were successful in logging gains ranging from a high of 9.7 percent for skin care aids to a low of 1.4 percent for baby needs.

At the product category level of measurement, there were 34 with gains and 16 with declines—a better performance record than the 27 plus and 23 minus during the preceding period and the same ratio of category gains to losses seen in the period ended Sept. 13, 1985.

Some of the bloom is taken off the rose in assessing the most recent trends, when we note that the corresponding sales period a year ago was a weak one, during which unit sales fell 1.4 percent when compared with the 1983 interval, and loss rates outpaced gains by a ratio of 33 to 17, just about the reverse of the current win/lose comparison.

Strong track record

However, nothing is going to steal thunder from HBA's track record as the leading department in terms of 52-week dollar sales—a strong 7.5 percent advance that exceeded the 5.5 percent dollar growth among refrigerated foods, 5.4 percent for dry grocery:food and 4.5 percent for all product departments combined.

In the baby needs product group, there were unit volume losses in two of the four categories: infant clothes, a perennial nongrowth situation (-9.2 percent), and baby powders (-4.2 percent), which hops back and forth between the plus and minus columns. Registering gains were baby oils, creams and lotions (+3.5 percent) and nursing supplies (+5.3 percent). And in all four categories combined, the gains outweighed the losses, reflecting an increase of 1.4 percent for the product group.

The trend among personal deodorant categories during the most recent measurement period is not markedly different from the strengths and weaknesses observed during the period that ended on Oct. 11. The categories with poor performance continue to be sprays, roll-ons, creams and feminine hygiene, while the gains were enjoyed by sticks, deodorant and talcum powder, foot deodorants and athlete's foot remedies, and douches.

First aid

The trend in the first aid product group has reversed from -0.1 percent in the preceding period to +2.7 percent currently. The improvement is the result of stronger sales for first aid products (+2.3 percent) and a continuing gain rate in excess of 4 percent for first aid antiseptics for the past two periods.

Despite a declining rate of growth among hair setting needs, as the new hair styling mousse products reach maturity, the hair care needs product group is the focal point of keen interest among consumers. The only category with a four-week decline in unit sales is home permanent kits, where the loss amounted to 10 percent. Next to hair setting needs, up 40.4 percent, the brisk

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SAMI

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sales action was among hair sprays, 18.3 percent ahead of the 1984 pace.

Both shampoos and hair conditioning rinses reversed prior period negative trends as of early November, with gains of 1.7 percent and 4.6 percent, respectively. The increases of 7.7 percent for hair coloring and 9.6 percent for hair dressing needs exceeded the rate of gain levels recorded during the preceding period.

Trouble spot

The one trouble spot on the HBA scene was the weakness of all products in the oral hygiene category except toothbrushes. The decline of 6.2 percent for toothpaste and powder translates to a loss of nearly 2 million units. It is possible that some families purchased the new pumps before they used up their tubes, and are now depleting the supply before repurchasing.

There were losses in unit volume in the two most recent reporting periods for mouthwashes and denture cleaners and adhesives. In the last two instances, there are negative trends on an annual basis as well. The loss for breath fresheners does not amount to many dollars in this small-volume category.

Overall, the current trend for proprietary remedies is more favorable now than in the early October report. Moving from losses to gains between periods were external analgesics, nasal sprays and cough remedies. The loss in the high-volume internal analgesics category was slightly improved, moving from -3.4 percent to -2.7 percent in the most recent period.

Diet pills down

Appetite suppressants continue to lose favor as consumers pursue alternative diet regimens. The gain among eye care products is still moving along at a 20 percent-plus clip without cessation, and both synthetic vitamins and sleeping aids hit double-digit gain rates in the four-week period under scrutiny.

The only sales decline in the shaving needs group was a 2.3 percent dip for after-shave lotions, which had forged ahead 9.3 percent in the prior period. As a result of strength among disposable shaving systems and prepacks, razor blade volume advanced 5.9 percent, and razor sets moved upward 8.8 percent.

On an annual basis, the only category of shaving needs showing a gain is pre-shave lotions. The other categories have 52-week loss rates ranging from a high of -4.7 percent for razors and blades to a loss of 1.2 percent for razor blades.

A plus for all categories

Ending our analysis on a strong note, the trends in the five skin care aids categories measured by SAMI are all in the plus column, and the product group as a whole moved ahead of last year's pace by 9.7 percent. Much of this sales vitality comes from the facial preparation category, where sales exploded for a 36.9 percent gain, helped in particular by the sales of new Buf-Puf, the roll-out of Johnson & Johnson's Take Off and a strong showing for Noxzema and the Olay line of facial preparations.

There was only a small increase (+0.9 percent) in the highest volume skin care aids category—hand and body creams/lotions. This regained strength, however, was in happy contrast to the 12.0 percent loss recorded in the previous period. The 46 percent gain for suntan products is hardly significant during a sales period that ended in early November. Of more importance is the trend reversal for lip care products, where a loss of 0.7 percent in the early October period has turned around to a current gain of 16.7 percent.

It would appear that when the final curtain is lowered on food store trends in 1985, HBA will have performed as well as any product department except refrigerated on a unit basis, and all by itself in first place in terms of the department's dollar rate of advance. ■

HOME DIAGNOSIS

Continued from page 16B

Along with these unprecedented developments, some of the home tests may succumb to the traditional laws of the shelf. Few managers will tolerate a slow-moving, high-cost product for long. This seems especially true at the Shopwell and Food Emporium stores, many of which are shoehorned in high-cost urban quarters where shelf space is at a premium.

Space is precious

"We like to have a greater variety of small-sized items on our shelves," a spokesman says. "One of these ovulation predictors is close to a foot long. I'm not sure if we could justify the extra shelf space—these sorts of items tend to be slower moving. We certainly couldn't turn over these tests as quickly as we can, say, toothpaste. And we'd have to be concerned with breakage—the packaging tears, and you've lost $20."

A&P's Kwiatkowski says that pilfering could also determine whether diagnostic kits will stay in the HBA section.

"If you have the regular amount of pilfering, and you're selling items at $1.50, it's not so bad. But if you lose even one of these items to breakage or pilfering, you're losing seven, eight, nine bucks *at cost*. You're skimming that off whatever profit you make."

If diagnostic products ever become a significant force in the average HBA aisle, the products will probably be less costly to retailers and consumers, and arrive on the marketplace with more comprehensive advertising programs. Unless these campaigns increase public awareness of the available tests, alleviate public fear and embarrassment, and dissolve points of controversy, the boom in self-diagnostic kits could resemble something close to a fizzle. ■

PHARMACIES

Continued from page 12B

Who needs big stores?

To prove that there's an exception to just about every rule, one need look no farther than Des Moines, headquarters of Easter Stores, a 22-unit chain operating in Iowa, Illinois, Missouri and Indiana. Conventional wisdom says that you cannot build a pharmacy in a supermarket smaller than 35,000 square feet. Apparently, nobody told Dennis Easter that, for he has 15 pharmacies in stores ranging from 15,000 to 40,000 square feet, in conventional supermarkets, combo and super stores.

"We're in smaller towns, and some stores just aren't that big," Easter, the chain's president, explains. "But it's an important enough department that we'll fit it in."

Each pharmacy has two pharmacists and a technician, both full- and part-time. The departments average 300 square feet, but pull in some large figures: prescriptions alone account for $9,000 a week, 5 to 6 percent of total sales. Most of the stores are open around-the-clock, and the pharmacies are open 12 hours a day. Easter says there is no consistent pattern for the section's location within the store, but word of mouth, along with dollar-off coupons, bag stuffers and newspaper ads, eliminates any customer confusion.

Raiman of ShopRite could well be speaking for Easter and all other successful instore pharmacy operators when he says: "The pharmacy is the hardest department in the store to attract customers, but it is also the hardest one to lose them from once you've got them. Pharmacies develop confidence and trust."

And for retailers, that's the best medicine of all. ■

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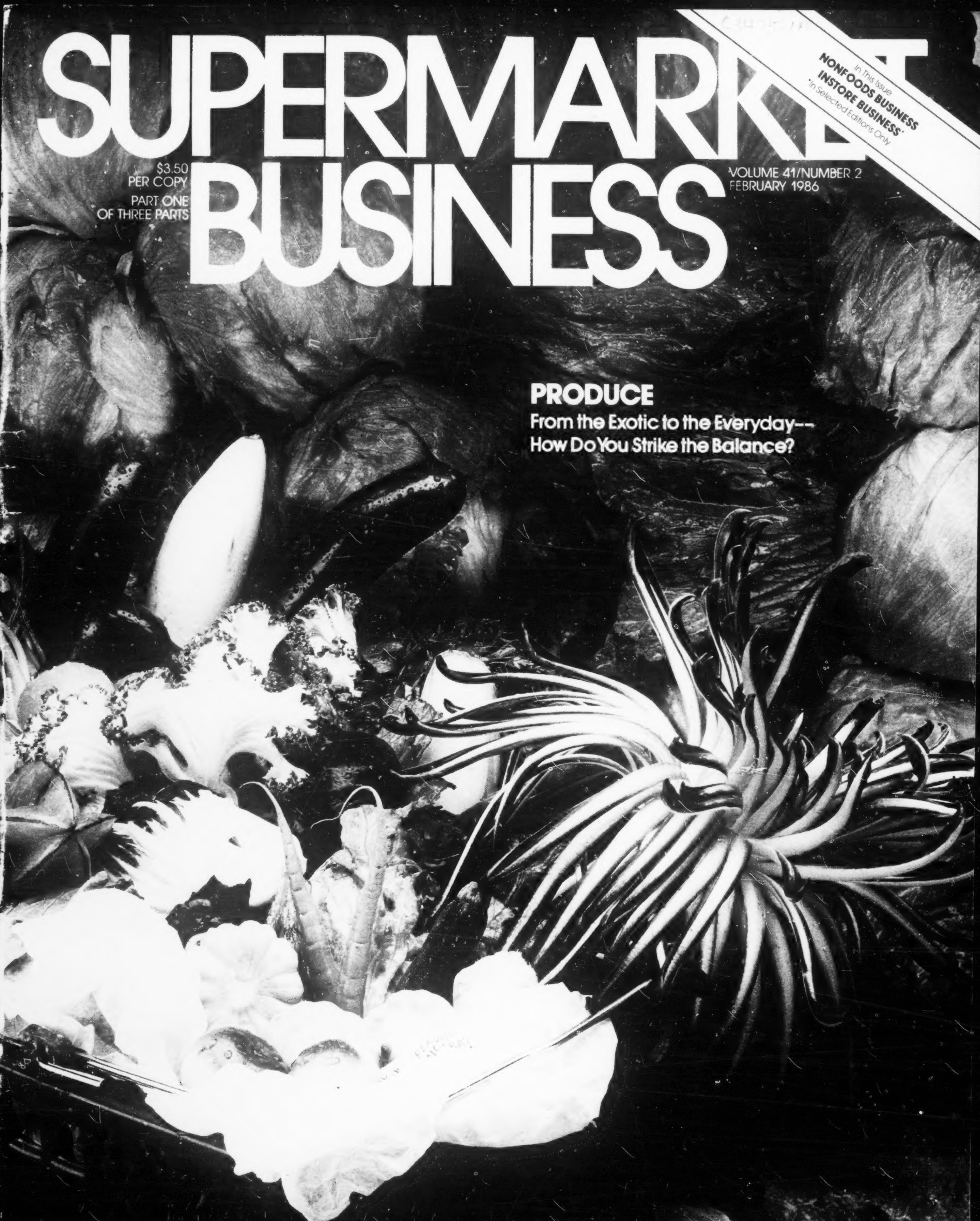

PRODUCE

From the Exotic to the Everyday--
How Do You Strike the Balance?

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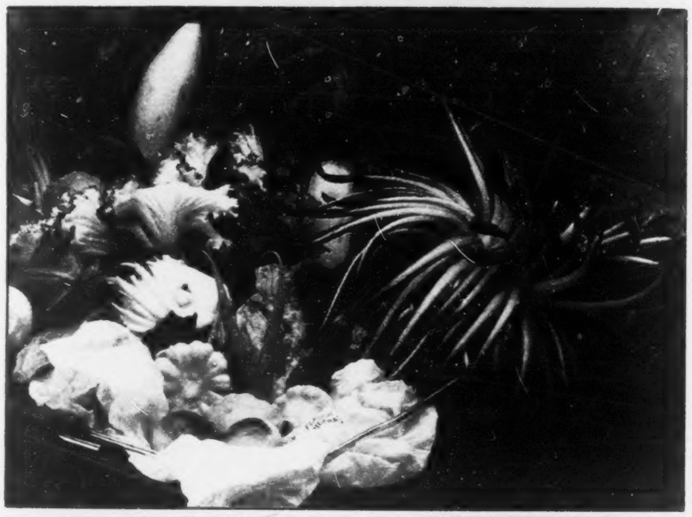

PRODUCE: HOW DO YOU BALANCE VOLUME, VARIETY & QUALITY? /A STAFF REPORT 17

Although their methods differ in scale, approach and emphasis, retailers around the country are rising to the challenge of striking a delicate balance in produce—which, to many, represents the most important department in the store.

P&C: A NEW DESIGN AND OLD-FASHIONED FRIENDLINESS PAY OFF/BOB HUGHES 26

P&C Foods Markets, in Syracuse, N.Y., has always been friendly. But it's gone that one better in its new store in New Hartford, N.Y., which has the chain's first full ring of service departments.

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With its eclectic look—a blend of the old and the new—Kaufelt's is banking on its customer commitment to quality and service.

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In Roxbury, Mass., in a neighborhood where at least two supermarkets have failed, this 21,000-square-foot independent is dedicated not only to fine quality and service, but also to engendering community spirit and pride.

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SAMI UPDATE

HBA Products Hit a Sticky Wicket in Food Stores During November

BY ALAN MILLER, JR.

Recent sales in health and beauty aids took a surprising fall. With one reporting period left before the final figures are in for 1985, a reversal could turn the sour note sweet.

Just when evidence was accumulating that 1985 was a bountiful year for health and beauty aids (HBA) in food stores, suddenly the trend reversed, and four-week sales soured to the tune of −1.1 percent. The loss rate was higher than the unit volume decline of 0.7 percent for dry grocery: nonfood items and 0.8 percent for frozen foods. For SAMI's reporting period ended Dec. 6, 1985, the loss was on top of a gain of 1.1 percent for the corresponding year-ago period vs. 1983.

The sales weakness was spread over a number of categories, and those with four-week losses outpaced those with gains 32 to 18. This ratio compares with 34 gains and 16 declines during the preceding period. Four product groups had gains, led by an increase of 3.7 percent for hair care needs and 2.5 percent for deodorants. But four other groups registered four-week unit volume declines, ranging from a high of −4.4 percent for oral hygiene and 3.4 percent for proprietary remedies to lows of −0.4 percent for first aid and −1.3 percent for baby needs.

Dollar sales in all 50 categories tracked by SAMI (excluding natural vitamins and dental aids, which SAMI has just started to measure) were ahead 2.0 percent. This rate of gain trailed all other SAMI product departments except frozen foods, which gained only 1.4 percent in dollar volume. In spite of the weakness during the most recent 28-day reporting period, the 6.9 percent dollar rate increase for HBA products is still the highest for any SAMI department, and the 52-week gain rate of 2.4 percent in units trails only refrigerated foods, which currently has an annual growth rate of 4.0 percent.

In the previous period, there were four-week unit volumes losses among baby powders and infant clothes. In the more recent period, there was a plus for baby powders and a loss for baby oils, creams and lotions. Sales of infant clothes in food stores continue to erode, and the loss rate is hovering around 11 percent for the four weeks, 12 weeks and full year.

Deodorant gains offset losses

Growth among deodorants is still coming from those in stick form, which achieved a 15.5 percent gain in the most recent period, down slightly from the 19.2 percent increase in the November reporting period. The growth of sticks is at the expense of sprays (−3.7 percent), roll-ons (−7.6 percent) and creams (−13.7 percent). There was a gain of 8.2 percent for deodorant and talcum powder, and plus volume for both foot deodorants and athlete's foot remedies (+1.7 percent) and feminine douches (+4.5 percent). Feminine hygiene deodorants, a small-volume category, showed a decline of 10.2 percent. In this product group, the gains more than offset the losses, and the net increase amounted to 2.5 percent—about the same gain as the 2.4 percent on an annual basis.

For first aid products, the November plusses turned to minus figures for first aid antiseptics (−1.6 percent) and first aid products (−0.1 percent)—a net loss of 0.4 percent for both categories combined.

The 3.7 percent growth rate among hair care needs is down from the 7.5 percent gain during the preceding 28 days. Hair settings needs, fueled by the proliferation of new hair styling mousse items, are reaching a point of maturity, but sales were still able to muster a 32.7 percent gain, compared with a 40.4 percent increase during the preceding period. Hair sprays also had a decrease in the gain rate, and the 9.8 percent plus during the most recent period compares with a jump of 18.3 percent in the period ended in early November. There were small losses in three categories: hair conditioning rinses (−0.1 percent), home permanent kits (−0.7 percent) and hair coloring (−5.7 percent). Shampoos, the highest volume category in the hair care needs group, showed a modest increase of 7/10ths of a percent, slightly lower than the 1.7 percent gain in the prior period.

As was true during the reporting period ended Nov. 8, 1985, there is still only one oral hygiene category with a unit volume gain over the corresponding year-ago period—toothbrushes, which had a gain of only 7/10ths of a percent. Unit volume losses exceeding 5 percent were found among breath fresheners (−13.1 percent), den-

HEALTH & BEAUTY AIDS:
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Infant Clothes	− 11.9	− 9.2	− 11.6
Nursing Supplies	+ 5.2	+ 5.3	+ 1.0
DEODORANTS	**+ 4.9%**	**+ 4.1%**	**+ 2.5%**
Sprays	− 5.1	− 5.8	− 3.7
Roll-Ons	− 3.2	− 4.6	− 7.6
Stick Deodorants & Pads	+ 20.9	+ 19.2	+ 15.5
Creams	− 9.5	− 13.3	− 13.7
Deodorants & Talcum Powders	+ 17.7	+ 7.1	+ 8.2
Feminine Hygiene Deodorants	− 2.1	− 8.4	− 10.2
Foot Deodorants & Athlete's Foot Remedies	+ 14.1	+ 9.5	+ 1.7
Feminine Douches	+ 4.9	+ 6.9	+ 4.5
FIRST AID	**− 0.1%**	**+ 2.7%**	**− 0.4%**
Antiseptics	+ 4.7	+ 4.2	− 1.6
First Aid Products	− 1.3	+ 2.3	− 0.1
HAIR CARE NEEDS	**+ 5.1%**	**+ 7.5%**	**+ 3.7%**
Shampoos	− 0.1	+ 1.7	+ 0.7
Hair Sprays	+ 12.4	+ 18.3	+ 9.8
Hair Conditioning Rinses	− 2.7	+ 4.6	− 0.1
Hair Setting Needs	+ 85.2	+ 40.4	+ 32.7
Home Permanent Kits	− 3.2	− 10.0	− 0.7
Hair Coloring	+ 6.3	+ 7.7	− 5.7
Hair Dressing Needs	+ 7.2	+ 9.6	+ 2.6
ORAL HYGIENE	**+ 1.2%**	**− 3.8%**	**− 4.4%**
Toothpastes & Powders	+ 4.6	− 6.2	− 5.3
Mouthwashes	− 8.6	− 5.3	− 2.8
Breath Fresheners	+ 1.0	− 5.6	− 13.1
Denture Cleaners	− 6.0	− 1.1	− 7.9
Denture Adhesives	− 6.8	− 5.6	− 7.6
Toothbrushes	+ 2.2	+ 10.9	+ 0.7
PROPRIETARY REMEDIES	**− 0.5%**	**+ 2.9%**	**− 3.4%**
Antacids	+ 3.5	+ 3.5	+ 2.9
Internal Analgesics	− 3.4	− 2.7	− 3.3
External Analgesics	− 2.5	+ 2.0	− 6.7
Cold Tablets	+ 5.5	+ 8.5	− 2.3
Nasal Sprays—Drops—Inhalers	− 7.0	+ 3.9	− 8.8
Chest Rubs	+ 0.3	+ 5.3	− 10.8
Cough Remedies	− 4.5	+ 3.3	− 10.0
Laxatives	+ 3.6	+ 1.6	− 0.9
Sleeping Aids	+ 1.4	+ 12.1	+ 7.8
Tranquilizers	− 24.0	− 33.9	− 10.9
Synthetic Vitamins (Natural Vitamins, Minerals, Supplements)	—	+ 10.0	− 4.4
Eye Care Products	+ 23.3	+ 22.9	+ 14.5
Appetite Suppressants	− 7.2	− 9.3	− 15.5
SHAVING NEEDS	**+ 3.2%**	**+ 4.6%**	**+ 1.4%**
Shaving Creams	+ 0.4	+ 3.3	+ 5.1
Pre-Shave Lotions	− 1.7	+ 5.4	− 6.5
After-Shave Lotions	+ 9.3	− 2.3	− 12.5
Razor Blades	+ 4.0	+ 5.9	+ 2.1
Razors & Blades	− 2.9	+ 8.8	+ 10.4
SKIN CARE AIDS	**+ 0.6%**	**+ 9.7%**	**+ 0.8%**
Hand & Body Creams & Lotions	− 12.0	+ 0.9	− 2.2
Facial Preparations	+ 31.8	+ 36.9	+ 20.5
Lip Care Products	− 0.7	+ 16.7	− 2.0
Suntan Lotions & Oils	− 2.7	+ 46.0	− 4.8
Cosmetic & Medicated Skin Aids	+ 1.8	+ 1.4	− 4.3
TOTAL ALL CATEGORIES	**+ 1.8%**	**+ 2.9%**	**− 1.1%**

ture cleaners (−7.9 percent), denture adhesives (−7.6 percent) and toothpaste and powder (−5.3 percent). The 2.8 percent loss in the mouthwash category represents an improvement over the 5.3 percent decline during the preceding period. The loss rate for toothpaste, although slightly less worrisome than the 6.2 percent loss last month, comes in spite of popularity of anti-plaque formulations and pump dispensers. Fifty-two-week unit sales in this category are still slightly higher (+1.3 percent) than in the comparable 1984 period.

Cold remedies down

November seems to have been a poor period for cough and cold remedies, since there were losses in each of the four such categories monitored by SAMI: chest rubs (−10.8 percent), cough remedies (−10.0 percent), nasal spray-drops-inhalers (−8.8 percent) and cold tablets (−2.3 percent). There was also a four-week decline of 3.3 percent among internal analgesics, which are often used to treat cold symptoms. A 15.5 percent decrease in appetite suppressant sales represented an increase in the rate of loss over the 9.3 percent drop a month earlier. The sales rate of eye care products advanced 14.5 percent, the category's lowest level of growth in recent months.

Sleeping aids sales moved upward 7.8 percent, compared with a 12.1 percent increase a month ago.

Three of the five categories of shaving needs showed growth, paced by razors and blades (+10.4 percent), shaving creams (+5.1 percent) and razor blades (+2.1 percent). However, there were losses for pre-shave lotions (−6.5 percent) and after-shave lotions (−12.5 percent). In all five categories combined, the unit gain rate amounted to 1.4 percent.

There was an abrupt turnaround in the trends of all five categories of skin care aids. The trend change in facial preparations was evident in the size of the rate of increase, from +36.9 percent in the preceding period to +20.5 percent currently. In the other four categories, four-week plusses last month have changed to four-week loss rates: −4.8 percent for suntan lotion-suntan oil, −4.3 percent for cosmetic and medicated skin aids, −2.2 percent for hand and body cream/lotions, and −2.0 percent for lip care products. In all five of these categories combined, the gain rate was 0.8 percent.

We can offer no logical explanation for the sudden weakness among health and beauty aids during November. In some parts of the country, bad weather may have reduced the number of shopping trips. There is one more reporting period before the final curtain is drawn in 1985. It is hoped that an upward surge will be detected that will end the year on a bullish note. ■

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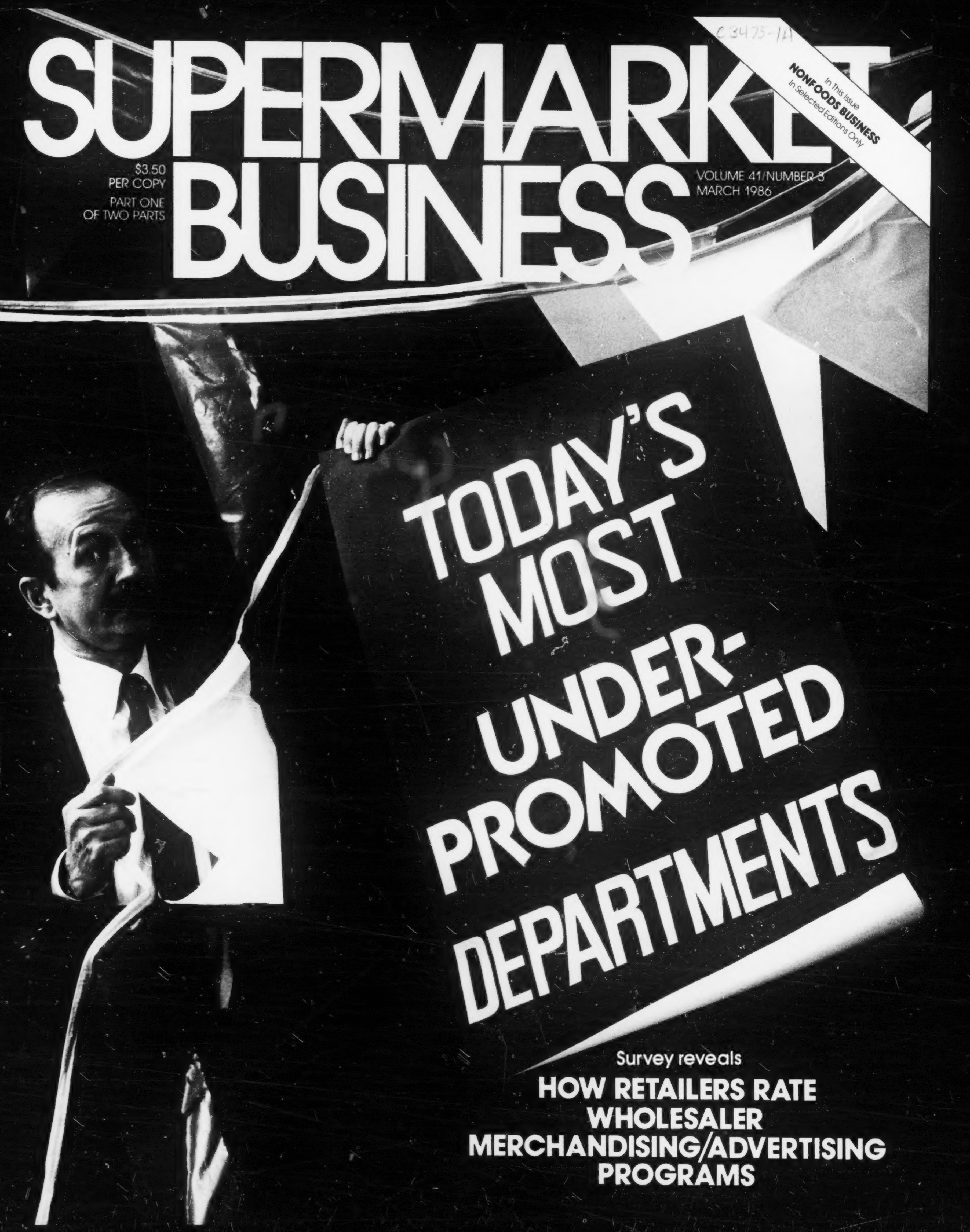
VOLUME 41/NUMBER 3
MARCH 1986

In This Issue
NONFOODS BUSINESS
In Selected Editions Only



TODAY'S MOST UNDER-PROMOTED DEPARTMENTS

Survey reveals

HOW RETAILERS RATE WHOLESALER MERCHANDISING/ADVERTISING PROGRAMS

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SUPERMARKET BUSINESS

VOLUME 41
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PART ONE
OF TWO PARTS

MARCH 1986

TODAY'S
MOST
UNDER-
PROMOTED
DEPARTMENTS

HOW RETAILERS RATE WHOLESALER MERCHANDISING/ ADVERTISING PROGRAMS/A STAFF REPORT **25**

Many retailers say wholesalers seem to be wanting in their merchandising, promotional and advertising programs for what should be some of the fastest-growing departments in the supermarket. This survey draws on a sample of independent retailers to rate the number and scope of programs offered by their wholesalers; the quality of the programs; the quality of weekly newspaper ads and circulars; and total ad space allotment for each department.

"PUT ME IN, COACH, I'M READY TO PLAY!"/KEVIN COUPE **31**

From basketball coach to supermarket owner, Jim Bauersfeld is meeting the challenge of success. Bauersfeld talked with SUPERMARKET BUSINESS about some of the qualities it takes to produce a winning team—on the court or in the store.

SHOPPERS' TASTE FOR FROZENS CONTINUES TO HEAT UP/PETER LEVITEN **39**

Long identified with the bland, conventional TV dinner, frozen foods are reaching a new level of sophistication. Consumers, eager for more variety and better quality, are no longer willing to compromise for simple convenience.

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HOUSEWARES AT STARN'S SHOPRITE: QUALITY, VARIETY AND CROSS-MERCHANDISING ADD UP TO HEALTHY SALES/PETER LEVITEN **11B**
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*IN SELECTED EDITIONS ONLY

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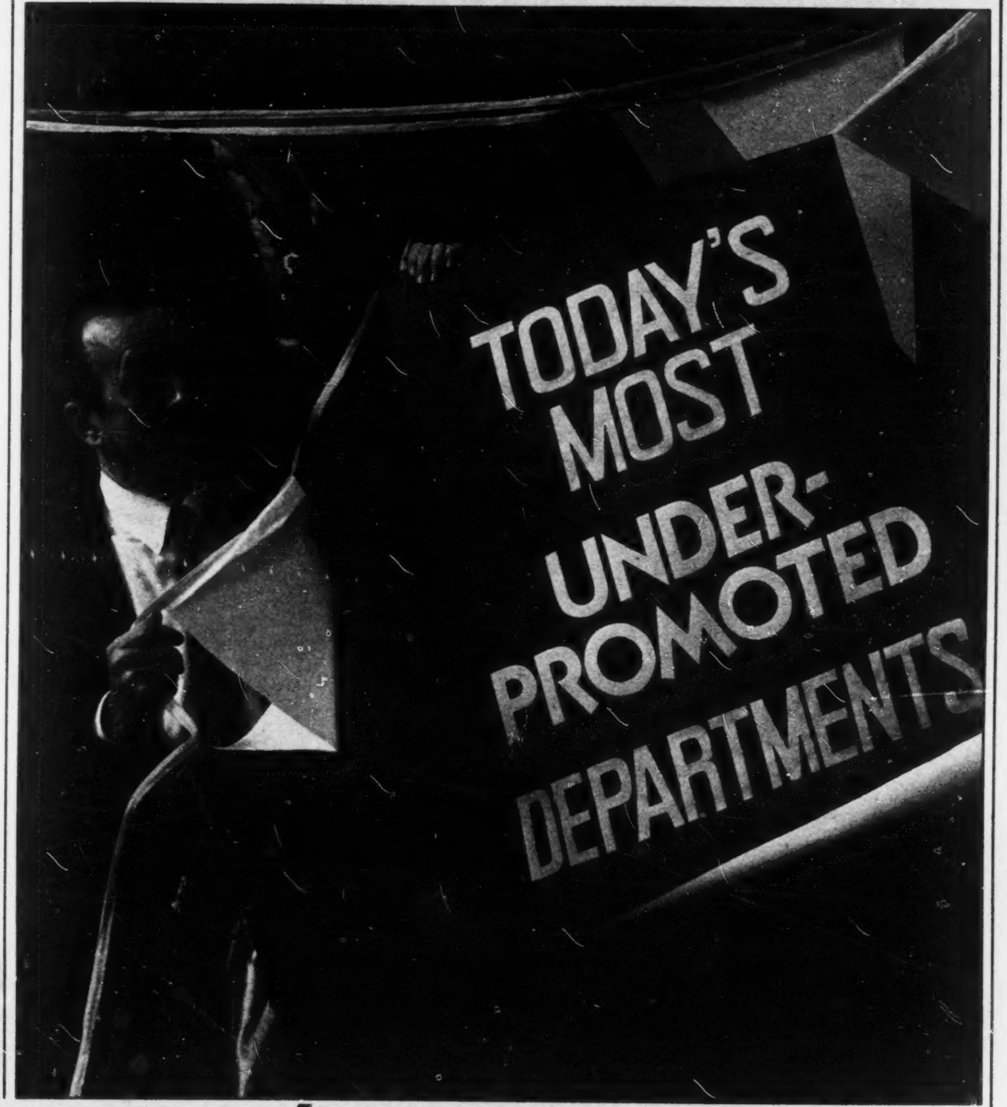


HOW RETAILERS RATE WHOLESALER MERCHANDISING/ADVERTISING PROGRAMS

A STAFF REPORT

Many independent retailers feel that their wholesalers are not responding quickly enough to changes in supermarkets today. This survey reveals what independents would like to see.

If you want to know what independent retailers consider the most under-promoted departments in the supermarket today, think of some of the fastest-growing departments: instore bakery, service deli, general merchandise and health & beauty aids. Of course, the basic business of supermarkets is the grocery department, but should the total balance be rethought?

Many independent retailers who responded to a SUPERMARKET BUSINESS survey seem to feel that wholesalers are maintaining an increasingly obsolete status quo in their merchandising, promotional and advertising programs. Survey results, which appear on the following pages, show that traditional categories, such as dry grocery (both national and private label) and national brand frozens and dairy, appear to receive the most solid support back at the warehouse, compared with the store's total product mix.

The relatively meager promotional support for new service departments might be a result of the paltry manufacturer promotional money behind them. This certainly seems to influence retailer feelings about voluntary- and co-op-supplied ad programs. Again, the new service departments (along with produce) are not seen as getting enough support. One retailer writes, "Ads are placed only to qualify for manufacturer ad money. No thought is given to merchandising."

This probably comes as no surprise to many

Continued on page 30

MERCHANDISING/PROMOTIONAL

NUMBER AND SCOPE OF PROGRAMS

CO-OPS

Rating: POOR 1.0 — 4.0 — 5.0 — 6.0 — EXCELLENT 7.0

% Who Offer	Rank		Rating
100.0	1	Dry Grocery (NB)	5.67
96.9	2	Dry Grocery (PL)	5.57
98.9	3	Frozens (NB)	5.54
92.7	4	Dairy (NB)	5.38
91.7	5	Dairy (PL)	5.27
95.8	6	Meat	5.08
91.7	7	Frozens (PL)	5.07
86.4	8	Produce	4.88
89.0	9	HBA (NB)	4.84
74.4	10	GM	4.68
65.2	11	HBA (PL)	4.55
76.5	12	Service Deli	4.50
65.4	13	Instore Bakery	4.15
		Total Product Mix	**5.35**

VOLUNTARIES

Rating: POOR 1.0 — 4.0 — 5.0 — 6.0 — EXCELLENT 7.0

% Who Offer	Rank		Rating
100.0	1	Dry Grocery (NB)	5.49
94.8	2	Frozens (NB)	5.43
97.4	3	Dry Grocery (PL)	5.27
91.6	4	Dairy (NB)	5.25
98.0	5	Meat	5.08
92.5	6	HBA (NB)	4.92
84.1	7	Produce	4.91
89.3	8	Frozens (PL)	4.69
91.4	9	Dairy (PL)	4.53
84.4	10	GM	4.50
75.7	11	Service Deli	4.32
73.0	12	Instore Bakery	4.19
76.2	13	HBA (PL)	4.14
		Total Product Mix	**5.18**

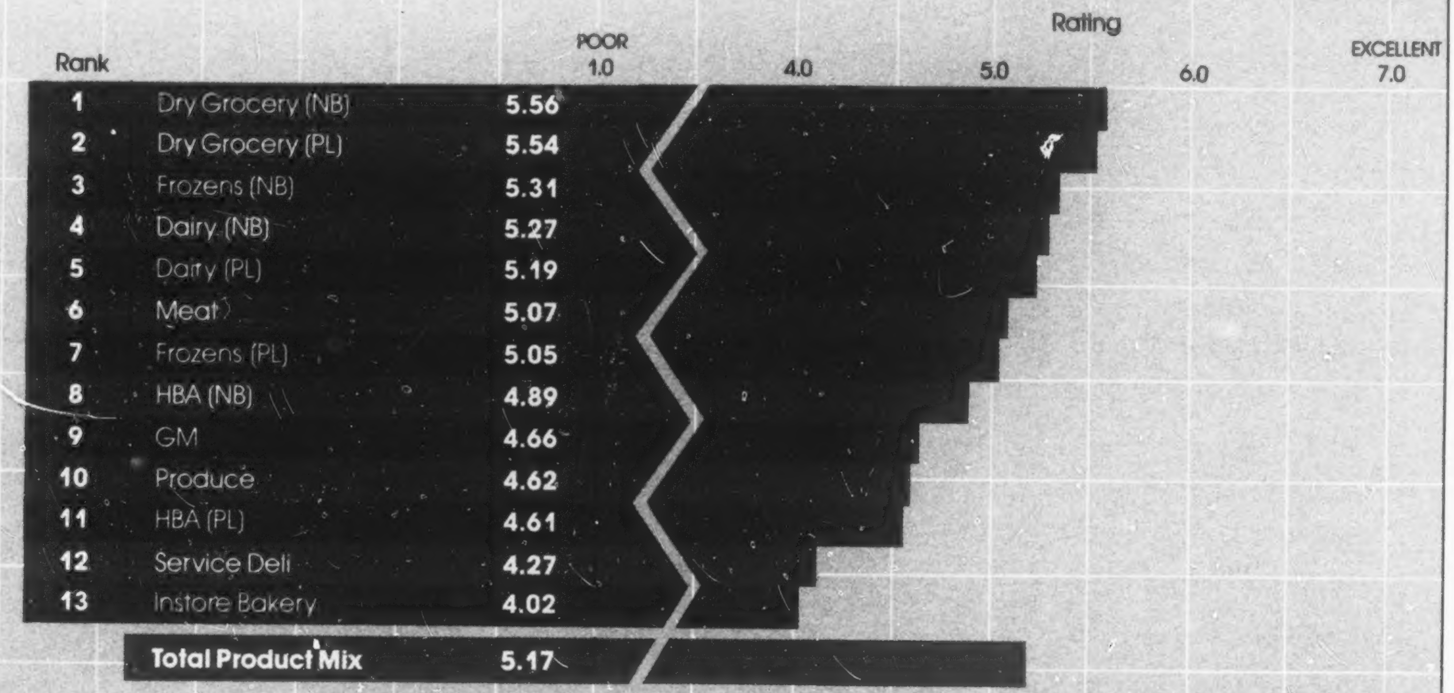
NB National Brand   PL Private Label

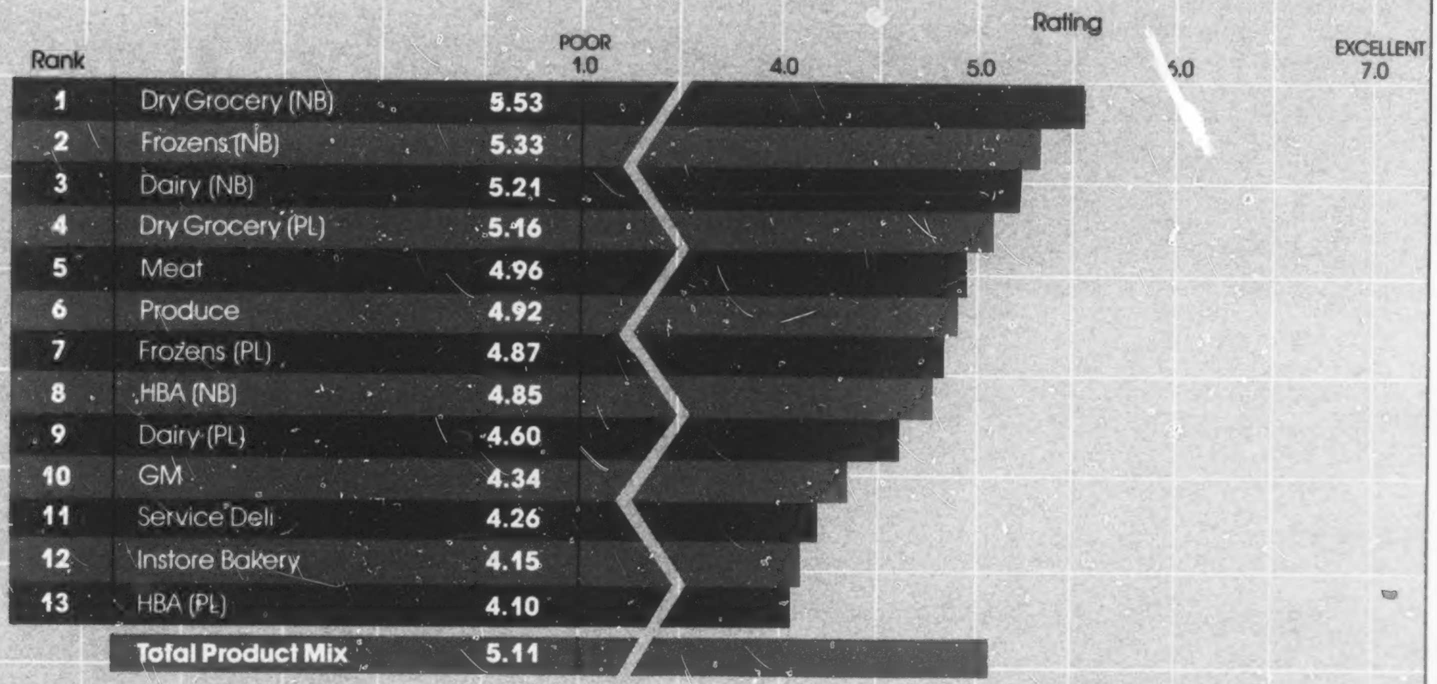
That supermarket standby—dry grocery in both private label and national brand—continues to receive the most merchandising and promotional support from both co-op and voluntary wholesalers, retailers feel. National brands of both frozens and dairy are also thought by retailers to receive support above the level achieved by the store's "total product mix." But promotional support is perceived as relatively skimpy for today's growing departments—service deli, instore bakery, general merchandise and health & beauty aids. Although these four are becoming more important for a store's image and profit, the promotional support they receive is felt to be relatively "poor."

PROGRAMS

QUALITY OF PROGRAMS

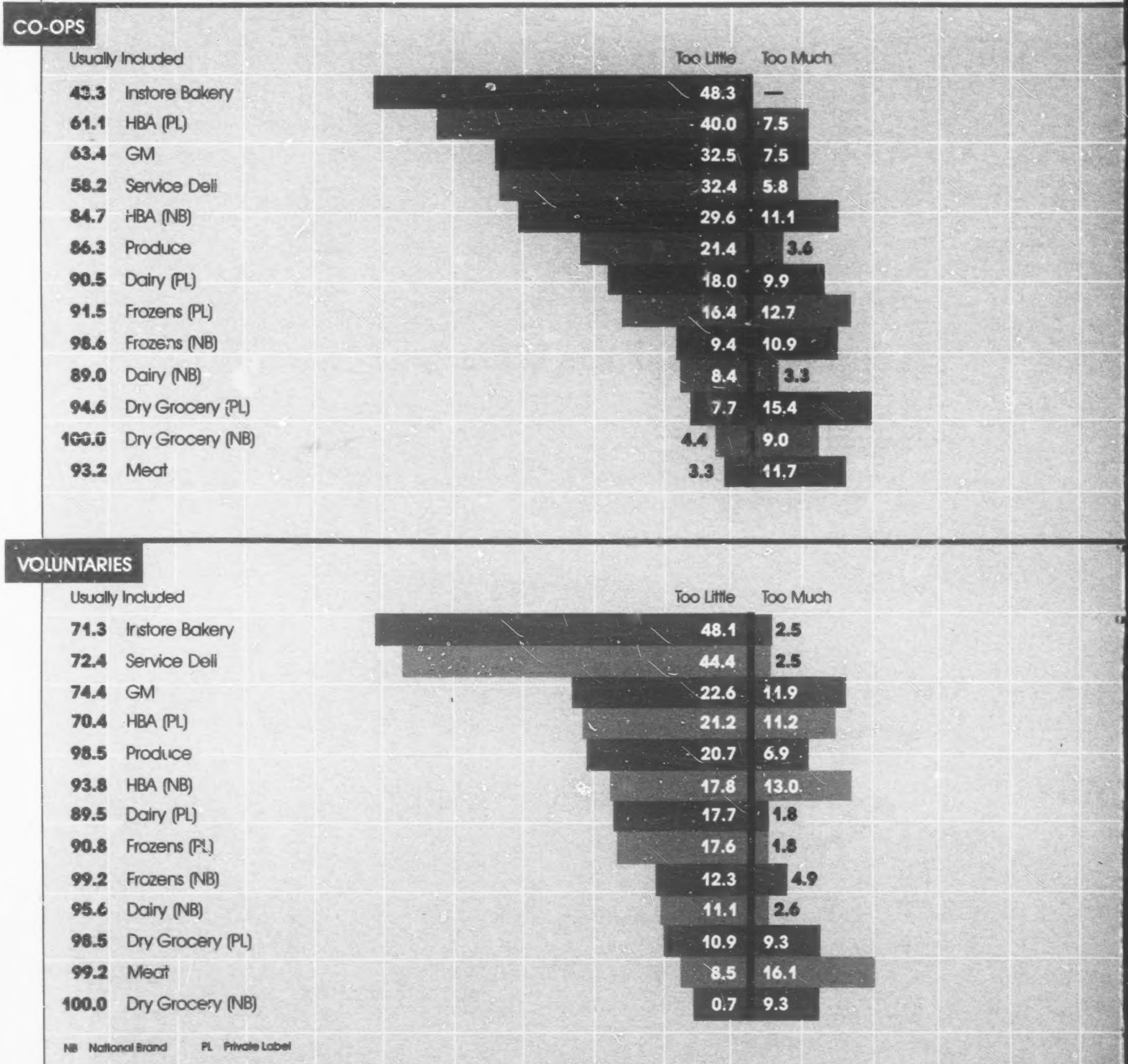
Independent retailers rate most highly programs from co-op and voluntary wholesalers for such established categories as dry grocery, and show significantly less enthusiasm for how service and nonfoods sections are promoted.





Retailers give their highest rating for the quality of wholesalers' merchandising and promotional programs to established categories such as dry grocery (both national brand and private label) and to national brand frozens and dairy. Perhaps not entirely coincidentally, the lowest satisfaction with the quality of programs coming through the pipeline to independents is centered on instore bakery, service deli and general merchandise and HBA—sections with a relatively low incidence of supplier promotional monies.

SHARE OF AD SPACE



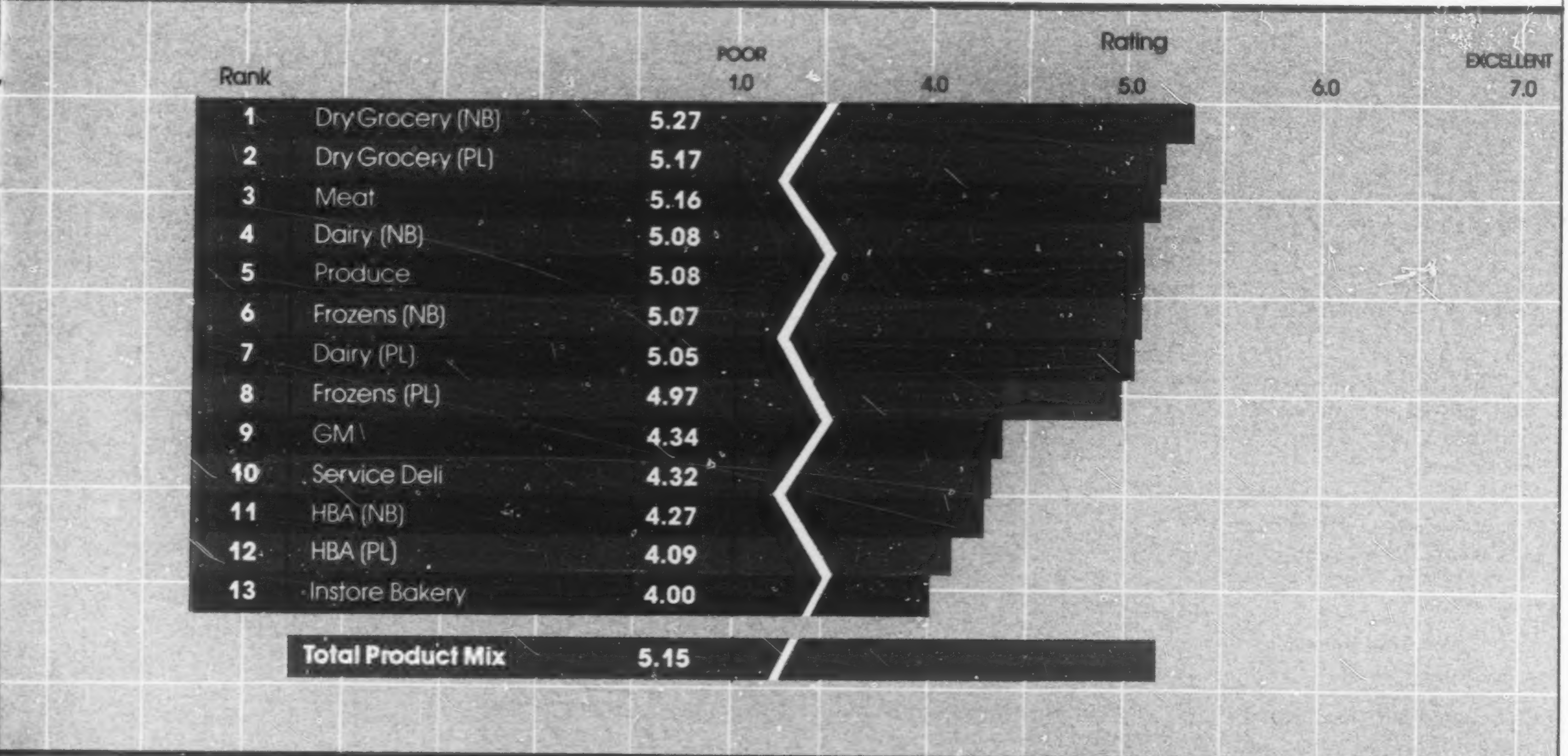
Many independents feel that today's growing departments, especially the instore bakery and service deli, receive far too small a share of space in ads prepared by their wholesaler.

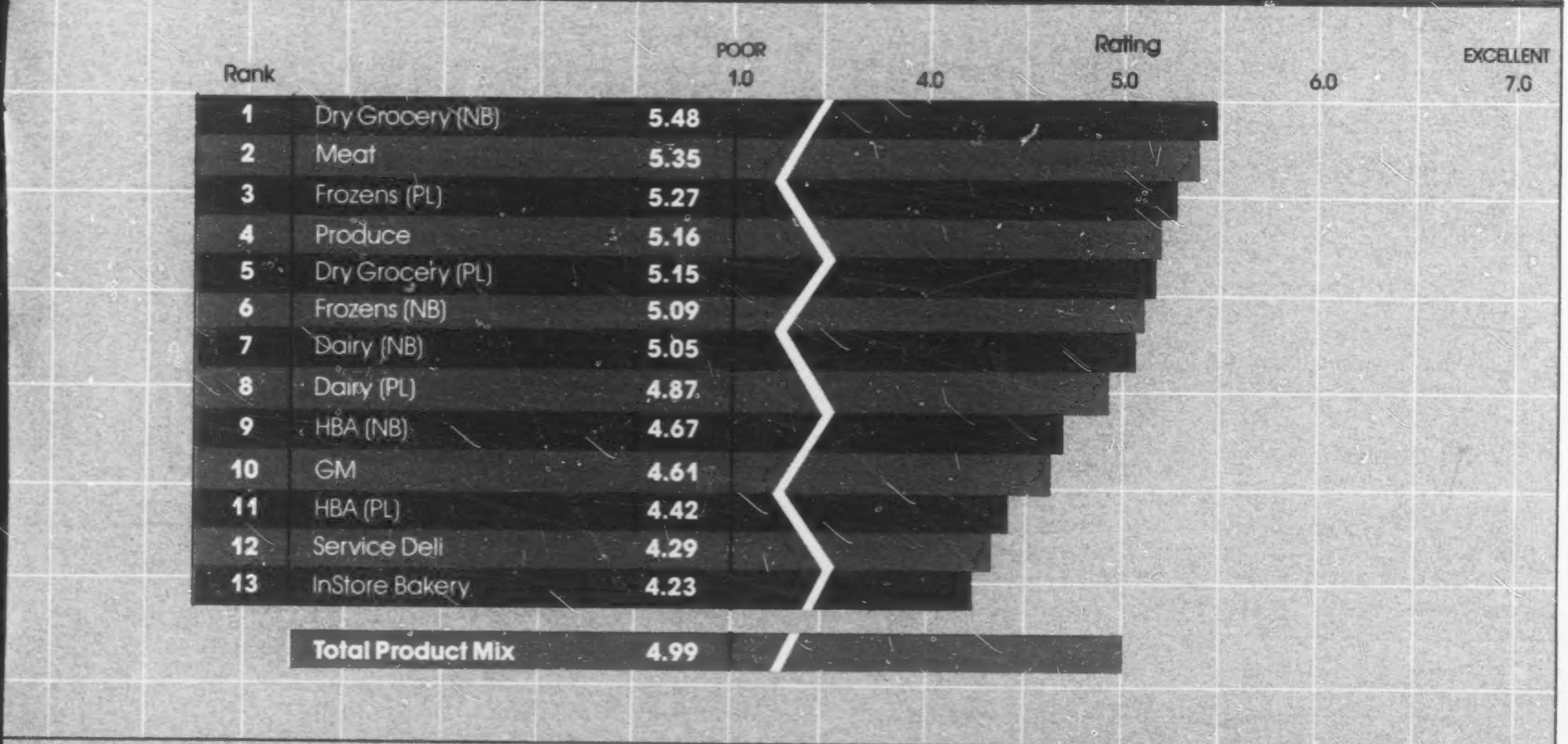
Voluntary and co-op wholesalers are also felt to allot too little space to general merchandise and to private label and national brand health & beauty aids. Produce, another increasingly popular department, is perceived as getting too little space by one in five independents. Where would the extra space come from? Several vote for reducing space for national brand or private label dry grocery and meat.

PROGRAMS

QUALITY OF PRESENTATION

Many independents feel that the instore bakery and deli receive far too small a share of space in wholesaler-supplied ads.





Comments from independents often point to the poor physical quality of ad presentation. Some say the ads are too crammed, others that the appearance and general layout lack creativity. Relative to the "total product mix," the service departments get the lowest marks. And although retailers want more ad space for produce from their wholesalers, the quality of presentation compares favorably with that for the total product mix. On the following page, retailers suggest how to improve the quality of ads.

RETAILER SURVEY

Many retailers feel that too many items are crammed into the ad, and that space is poorly allocated among products.

Here's a sample of some quotes we received from independent retailers on what they did or did not like about their wholesaler-supplied ads. Most retailers said that the ads were far too crowded with items. Others bewailed the stultifying lack of creativity.

TOO MANY ITEMS CRAMMED INTO THE AD

"The wholesaler must put too many items into the ad that are not volume items in order to generate money to help pay for the ads."

"Too many items in the ads! This leaves the ad looking cluttered as well as making it difficult to order." (Many retailers wrote this.)

"There are too many items in their special roto ads. It's impossible for a retailer to do his merchandising to satisfy customers."

"In addition to too many items, there's a bad mix of too high or too cheap pricing. It's a bad mix of loss leaders and regular priced items."

SPACE IS POORLY ALLOCATED AMONG PRODUCTS

"There's too much emphasis on meat. Also too much on dry grocery. The ads should highlight the rest of the perimeter more. Also more HBA and GM."

"Too much emphasis on non-essential items in the ad that are there as "fillers" in creating a false gross profit for the ad. Especially in meat, produce and grocery. We do far too many unnecessary price changes in order to prepare for the ad."

"They feature and co-feature the wrong items in the ad. There's not enough emphasis on produce, bulk foods, bakery, deli and service."

"Costs allotted to items that don't move."

"Deli and bakery items do not tie in with the rest of the ad. Also, HBA ads do not tie in. We must spend extra money to advertise what we have going on in our stores."

"Not enough emphasis is placed on the deli and bakery departments. They only have two to three items as liners for each department, and that's not enough to promote those departments. Our location is suburban, with plenty of fast food/sit-down restaurants."

"There are too many meat items on sale. It makes it hard to show proper profit percentage."

PRICE CUTS ARE TOO DEEP

"The prices they set—such as sugar 40 cents below cost, coffee 40 cents below cost—are a problem."

"Sometimes, ad prices are set too low, and the overall gross profit percentage on sale items is lower than wanted or requested from the retailer."

"In ads which they (wholesalers) set, prices in the produce department are set below cost on several items."

"Markdowns are too deep."

"There's a bad mix of loss leaders and regular prices. Sometimes we have too many loss leaders that are too much of a loss."

"Too much national brand negative gross. Not a good mix."

"They do an excellent job promoting, but the markdown is too high."

POOR APPEARANCE, LAYOUT; LACK OF CREATIVITY

"Little imagination. No fresh ideas. They wait for complaints— they do not respond."

"The Christmas roto ad, to use an example, was bad. Pictures were not clear. Words were printed too small. It looked bad, and didn't say anything about Christmas."

"Ads are not lively. Just a 'listing of items.' No good slicks of fresh foods. There's not an attractive eye-catcher."

"They seem to pull a file and repeat and repeat. They need to be more innovative."

THE SAME ITEMS ARE REPEATED TOO FREQUENTLY

"It seems like they're trying to clear out the warehouse. They show the same items too much."

"There's no flexibility. The same items. No excitement. They're dog items (slow-moving, odd-brand items) that are advertised."

"Too conformative. The same products run time and time again! One roto ad per month—this is too often. It is losing its effect. They also don't tie in with national promotion and advertising enough."

"A problem is having items on sale too often. They have the same brands all the time, especially dry goods."

ITEMS CHOSEN ON THE BASIS OF HOW MUCH THE WHOLESALER CAN GET IN MANUFACTURER ALLOWANCE

"When offered, there is too much emphasis on manufacturers' products paying for space. A better mix could otherwise be achieved."

"The ad is written from the point of view of the wholesaler, and for the wholesaler's benefit. Not for the customer's advantage."

"I feel the ads were made with warehouse profits in mind, and not so much the retailer's profits or sales. Too many items and a bad mix of too-high or too-cheap pricing. There's a bad mix of loss leaders and regular prices."

"There are too many different items, many we never carry. They feature many slow-selling items. They get the advertising money and we don't get the sales from it or any extra money."

"Too many items are just put in to 'move' merchandise from the manufacturer; not true 'draw' items."

PRICING IS NOT COMPETITIVE OR CURRENT; LEAD TIME IS TOO LONG

"Prices are not competitive to the local area."

"We have not used our warehouse ad programs as regularly because of the marketing area (intense). We have instituted an advertising group in our area to custom-fit our needs. There are nine stores in the Toledo area. We have a very high mix, and are tailor-made for streamlined competition. An advertising group with warehouse backing."

"Ads are prepared too far in advance. Prices may not be competitive at the time of ad." ■

INTRODUCTION

Continued from page 25

retailers. But if the instore bakery, service deli, GM/HBA and produce departments are the ones that increasingly draw shoppers into the store, does this mean wholesalers must now re-think their ad approach? What departments should be given less coverage? And how should the ads themselves—which many retailers feel are poorly executed and thought-out—be changed?

(NOTE: A randomly selected sample of independent retailers was asked to *rate*—on a scale of 1 [POOR] to 7 [EXCELLENT]—the number and scope of merchandising and promotional programs offered by their wholesalers, as well as the quality of those programs for each of 13 departments and the overall product mix. On the same scale, they rated the quality of the weekly newspaper ads and circulars prepared for them by their wholesaler, as well as whether each department was getting too little, adequate or too much of a share of total ad space.) ■

NonFoods BUSINESS

HOW DO SUPERMARKETS' HOUSEWARES STACK UP?
A STAFF REPORT 5B
A lot stacks up quite nicely. Although many consumers are still unwilling to purchase high-ticket items, they do buy cookware and bakeware at supermarkets. Shoppers say the quality often compares favorably with that of other stores, such as discount and department stores. What they would like to see more of, though, is variety and a choice of colors.

HOUSEWARES AT STARN'S SHOPRITE: QUALITY, VARIETY AND CROSS-MERCHANDISING ADD UP TO HEALTHY SALES/ PETER LEVITEN 11B
Following an extensive remodeling of his Ventnor, N.J., ShopRite, Stan Starn has added an impressive housewares selection. With the right mix, and the best way of merchandising it, Starn seems to be making it pay off.

JM BAUERSFELD'S RIDES THE CREST OF THE NONFOODS WAVE
KEVIN COUPE 15B
At JM Bauerfeld's in Topeka, the first and last thing the customers see when entering and exiting the store is nonfoods. Although owner Jim Bauersfeld acknowledges that food is first, he believes that proper merchandising of the nonfood items can help his store turn the profits it needs to be successful.

SAMI UPDATE 21B
NEW PRODUCTS 26B

A couple of ways to double your WD-40® profits.

WD-40
WD-40
DOUBLE TAKE
Sweepstakes

Sell two cans with each transaction.

The WD-40 Double Take Sweepstakes promotion means double the sales, double the traffic and double the profits.

A total of $80,000 in cash and shopping sprees will be given away. Your customers could win lots of shopping spree dollars to spend *in your store.*

So get ready for heavy traffic. Order your WD-40 Double Take Sweepstakes display now.

WD-40 Co., San Diego, CA 92110.

SAMI UPDATE

HBA Products Rebound in December Food Store Sales As Books Are Closed on 1985

BY ALAN MILLER, JR.

For HBA, 1985 will go down as a growth year, with more peaks than valleys, both from month to month and from category to category.

In the aftermath of an alarming posting of multi-category sales losses during SAMI's November reporting period, the year-end period ended Jan. 3, 1986, saw a return to health and beauty aid (HBA) trends with a preponderance of pluses rather than minus percentages.

In all 50 HBA categories tracked by SAMI combined, the 28-day unit volume rose 2.6 percent over the level registered in the corresponding year-ago period. This tonnage gain was topped only by the 6.4 percent poundage increase among refrigerated foods. There were four-week tonnage declines in two of the five SAMI product departments: a loss of 0.7 percent for dry grocery:nonfood items and a decline of 0.1 percent in the poundage of frozen foods.

On a dollar basis, the four-week increase of nearly 30 million, or 5.7 percent, for HBA represented the highest gain rate of any SAMI product department. The dollar gain for all categories measured by SAMI was 4.4 percent, the same increase as that for refrigerated foods, and higher than 3.2 percent for dry grocery:nonfood and 1.8 percent for frozen foods. Dollar sales of dry grocery:food categories combined rose 4.8 percent in the four-week period ended Jan. 3. HBA also enjoyed the highest increase rate in annual dollar volume as a result of a 6.9 percent gain rate. The second highest dollar gain rate belonged to grocery:nonfood items, where the increase amounted to 5.2 percent. Dollar sales of both dry grocery and frozen food departments each increased 3.8 percent over 1984 food store sales levels.

Gains 7, losses 1

Whereas HBA product groups were evenly divided in gains and losses during the preceding reporting period, in the final period for the year the score was 7 to 1, gains over losses. The sales decline was registered in the oral hygiene group, where all six product categories measured by SAMI fell in the negative column, resulting in a 3.1 percent decline for this product group. By far the strongest performance was the 22.3 percent hike in unit sales in the skin care aids product group.

On a product category basis, four-week unit gains were found in 30 and losses in 20. This represents a strong recovery from the ratio of 32 to 18 losses over gains during the month of November (SAMI reporting period ended Dec. 6, 1985).

Among baby needs, the only four-week loss rate was the 8.2 percent decline for infant clothes; however, this is the lowest in several months. The annual loss rate stands at 11.1 percent. Food store sales of baby oils, creams and lotions moved from a loss rate of 2.9 percent in the preceding four-week period to a gain of 7.3 percent as the curtain was drawn on 1985.

In the deodorant product group, for the fourth consecutive, 28-day period, losses and gains were registered in the same categories. Overall, the gains more than wiped out the losses, and the current gain rate for all deodorants combined was 2.4 percent, which compares with 2.5 percent in the just-prior period. Deodorant and antiperspirant sticks, which rose 1.3 percent, gained volume from sprays (-3.9 percent), roll-ons (-2.6 percent) and creams (-13.5 percent). Feminine hygiene deodorants fell 4.2 percent, and all four of these weak categories were also in arrears on a 52-week unit volume basis. There was a continuing rate of gain in the case of deodorant and talcum powders, and favorable trends were seen for foot deodorants and athlete's foot remedies (+ 1.5 percent) and douches (+ 4.0 percent).

Turnaround for first aid

Contrasting with loss rates among first aid categories in the previous period were small turnarounds for both first aid antiseptics (+ 0.4 percent) and first aid products (+ 2.2 percent)

The gain rate for hair care needs was 5.3 percent in all seven product categories combined, a modest improvement from the gain of 3.7 percent during November. There was an upswing rate of 1.9 percent for shampoos, the highest volume category in the product group. Four-week food store unit volume among hair sprays increased 837,000, while hair setting needs, reflecting still more new product proliferation among hair styling mousses, added 771,000 units, representing a percentage increase of 46.7 percent. Gains of 2 to 3 percent were found among hair conditioning rinses and hair dressing needs (mostly male-oriented products). An identical loss rate (-6.3 percent) was registered in the home permanent kits and hair coloring categories.

The most worrisome trouble spot in this HBA section is still among oral hygiene products. In the period just ended, there were losses in all six categories for which more than two years of SAMI data are on record (dental aids is a new SAMI category, and current sales are not included in the totals). In spite of promotional efforts behind plaque- and tartar-reducing brands and pump dentifrice dispensers, there has been continuing weakness in the sales of toothpaste gels and powder. However, the most recent four-week trend, showing a loss of 2.3 percent, reflects a reduction in the loss rate percentage vis-a-vis recent months. On the other hand, the rate of decline among mouth washes has accelerated, and volume of both denture cleaners and denture adhesives are trending downward for the four weeks, 12 weeks and annually, with no signs of turning around. Recent new products in these two categories have not enjoyed lasting success. Sales of toothbrushes (-0.8 percent) are in the loss column for the first time in recent months.

Proprietary remedies up

In the preceding period, there were sales improvements in only three out of 13 proprietary remedy categories tracked by SAMI. In the current period, nine categories had gains and four had losses. The declines were noted among internal analgesics (-2.3 percent), nasal sprays-drops-inhalers (-3.8 percent), laxatives and stool softeners (-1.9 percent), and a loss of 10.6 percent in the nearly extinct proprietary tranquilizer category.

Categories that moved from the preceding period minus column to a plus status included external analgesics (from -6.7 percent to + 4.8 percent), cold tablets (from -2.3 percent to + 9.8 percent), chest rubs (from -10.8 percent to + 4.2 percent), synthetic vitamins (from -4.4 percent to + 1.3 percent) and appetite suppressants (from -15.5 percent to + 7.0 percent). Sales of sleeping aids and eye care products were ahead of year ago levels in both reporting periods.

In the shaving needs product group, two categories incurred loss rates in the two consecutive periods, but both pre-shave lotions (-3.0 percent) and after-shave lotions (-3.4 percent) had reduced rates of loss when compared with November performance. Razor blades, as a result of a continuing strong showing for disposables, gained 3.7 percent, an improvement over the 2.1 percent gain rate seen the month before.

Finally, saving the best until last, volume in three of the five skin care aids categories improved more than 20 percent: 20.4 percent for hand and body creams and lotions, 25.9 percent for facial preparations and 50.6 percent for lip care products. In all three of these categories, there was trend improvement, including changes from minus to plus for hand and body creams and lotions and lip care products, which in November suffered losses of 2.2 percent and 2.0 percent, respectively. A gain of 3.5 percent for suntan lotion-suntan oil does not translate to many sales dollars during the fourth quarter of the year, due to the high seasonality factor among these products. The loss rate of 6.2 percent for cosmetic and medicated skin aids is in part a reflection that there were no important new products launched in this category during 1985.

All in all, 1985 will go down as a growth year with more peaks than valleys, both from month to month and from category to category. Part of the scenario for the 1986 performance of HBA will be witnessed when the post-holiday outpouring of new products is evaluated. As always in this product department, weather and health considerations will play important roles in the new year's sales trends. ■

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 11/9/85	4 WEEKS ENDING 12/6/85	4 WEEKS ENDING 1/3/86
BABY NEEDS	+ 1.6%	– 1.3%	+ 2.8%
Baby Powders	– 4.2	+ 3.8	+ 0.5
Baby Oils, Creams & Lotions	+ 3.5	– 2.9	+ 7.3
Infant Clothes	– 9.2	– 11.6	– 8.2
Nursing Supplies	+ 5.3	+ 1.0	+ 2.3
DEODORANTS	+ 4.1%	+ 2.5%	+ 2.4%
Sprays	– 5.8	– 3.7	– 3.9
Roll-Ons	– 4.6	– 7.6	– 2.6
Stick Deodorants & Pads	+ 19.2	+ 15.5	+ 11.3
Creams	– 13.3	– 13.7	– 13.5
Deodorants & Talcum Powders	+ 7.1	+ 8.2	+ 9.1
Feminine Hygiene Deodorants	– 8.4	– 10.2	– 4.2
Foot Deodorants & Athlete's Foot Remedies	+ 9.5	+ 1.7	+ 1.5
Feminine Douches	+ 6.9	+ 4.5	+ 4.0
FIRST AID	+ 2.7%	– 0.4%	+ 1.8%
Antiseptics	+ 4.2	– 1.6	+ 0.4
First Aid Products	+ 2.3	– 0.1	+ 2.2
HAIR CARE NEEDS	+ 7.8%	+ 3.7%	+ 5.3%
Shampoos	+ 1.7	+ 0.7	+ 1.9
Hair Sprays	+ 18.3	+ 9.8	+ 10.8
Hair Conditioning Rinses	+ 4.6	– 0.1	+ 2.4
Hair Setting Needs	+ 40.4	+ 32.7	+ 46.7
Home Permanent Kits	– 10.0	– 0.7	– 6.3
Hair Coloring	+ 7.7	– 5.7	– 6.3
Hair Dressing Needs	+ 9.6	+ 2.6	+ 2.8
ORAL HYGIENE	– 3.8%	– 4.4%	– 3.1%
Toothpastes & Powders	– 6.2	– 5.3	– 2.3
Mouthwashes	– 5.3	– 2.8	– 5.9
Breath Fresheners	– 6.6	– 13.1	– 13.2
Denture Cleaners	– 1.1	– 7.9	– 6.5
Denture Adhesives	– 5.6	– 7.6	– 4.8
Toothbrushes	+ 10.9	+ 0.7	– 0.8
PROPRIETARY REMEDIES	+ 2.9%	– 3.4%	+ 1.7%
Antacids	+ 3.5	+ 2.9	+ 3.5
Internal Analgesics	– 2.7	– 3.3	– 2.3
External Analgesics	+ 2.0	– 6.7	+ 4.8
Cold Tablets	+ 8.5	– 2.3	+ 9.8
Nasal Sprays—Drops—Inhalers	+ 3.9	– 8.8	– 3.2
Chest Rubs	+ 5.3	– 10.8	+ 4.2
Cough Remedies	+ 3.3	– 10.0	+ 0.2
Laxatives	+ 1.6	– 0.9	– 1.9
Sleeping Aids	+ 12.1	+ 7.8	+ 10.8
Tranquilizers	– 33.9	– 10.9	– 10.6
Synthetic Vitamins	+ 10.0	– 4.4	+ 1.3
Eye Care Products	+ 22.8	+ 18.5	+ 11.1
Appetite Suppressants	– 0.3	– 15.5	+ 7.0
SHAVING NEEDS	+ 4.4%	+ 1.4%	+ 3.1%
Shaving Creams	+ 3.3	+ 5.1	+ 4.7
Pre-Shave Lotions	+ 5.4	– 6.5	– 3.0
After-Shave Lotions	– 2.3	– 12.5	– 3.4
Razor Blades	+ 5.9	+ 2.1	+ 3.7
Razors & Blades	+ 5.0	+ 10.4	+ 4.2
SKIN CARE AIDS	+ 9.7%	+ 0.8%	+ 22.3%
Hand & Body Creams & Lotions	+ 0.9	– 2.2	+ 20.4
Facial Preparations	+ 36.9	+ 20.5	+ 25.9
Lip Care Products	+ 16.7	– 2.0	+ 50.6
Suntan Lotions & Oils	+ 46.0	– 4.8	+ 3.5
Cosmetic & Medicated Skin Aids	– 1.1	– 4.3	– 6.2
TOTAL ALL CATEGORIES	+ 2.9%	4.1%	+ 2.6%

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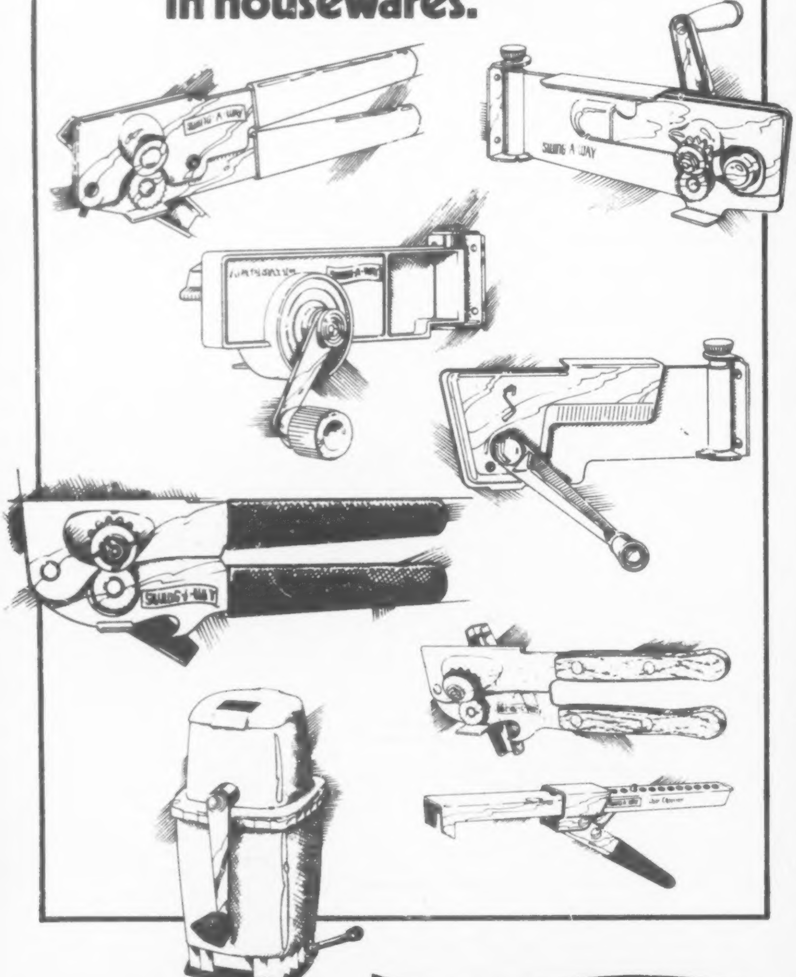

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In This Issue
NONFOODS BUSINESS
INSTORE BUSINESS
In Selected Editions Only

DPP

IS THIS THE YEAR?

Direct Product Profitability is one of the most sophisticated cost-accounting concepts available to grocery retailing. As a step-by-step method of applying all *direct* product costs to handling a product, it is possible to calculate the actual dollar profit that each item contributes to the store, department or category.

DPP is also one of the most misunderstood product performance measurement concepts. With renewed interest in DPP running at an all-time high, some perspective is needed on what DPP can and cannot contribute to better store productivity and company profitability.

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BPA ABP Association Of Business Publishers, Inc.

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SUPERMARKET BUSINESS

VOLUME 41
NUMBER 4
PART ONE
OF TWO PARTS

APRIL 1986

DPP: IS THIS THE YEAR?/KEN PARTCH **Cover**

By now, almost everybody in the industry is familiar to some extent with the expression Direct Product Profitability. Many understand the concept. But many questions remain. SUPERMARKET BUSINESS asked the experts and users the hard questions. The answers follow in these pages.

LETTING GO: ABSENCE MAKES THE CHAIN GROW FASTER/KEVIN COUPE **41**

Dewey Hill, owner of Hill's Foods Stores, a 33-unit chain in North and South Carolina, is preparing his business for new leadership. In the second article of an ongoing series, TURNING POINTS, Hill discusses his decision and some of the challenges he faces in carrying it out.

BUSTED LOOSE IN BATON ROUGE, THE REAL SUPERSTORE BATTLES FOR SHARE/BOB HUGHES & KEVIN COUPE **45**

Over a year ago, in economically depressed Baton Rouge, a new store opened that has caused a furor in an area that is already heavily overstored. With such extras as dental and banking services—not to mention a staggering variety of food and nonfoods—The Real Superstore is giving its competitors a run for their customers.

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*IN SELECTED EDITIONS ONLY

FRESH SEAFOOD: MORE RETAILERS ARE GETTING IN THE SWIM/PETER LEVITEN **55**

Service seafood departments have come of age. And supermarket retailers are taking advantage of the consumer trends toward lighter eating habits and health awareness as a perfect opportunity to merchandise seafood.

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FOURTH ANNUAL OPERATIONS REPORT

INSTORE BAKERY & SERVICE DELI REVIEW

PREPARED BY ROBERT DIETRICH

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23A Number of Employees ... How Much for Labor ... Cake Decorating ... Time for Prep and Service ... Average Weekly Sales Per Employee ... Service vs. Self-Service
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36A Commissaries ... Advertising and Promotion ... Weekly Price Special Promotions ... How Customers Spend ... Sources of Service Deli Salads

The combination of more outlets and higher sales per outlet activated the booster rockets and lifted sales of supermarket instore bakeries by 12.6 percent in 1985, to $4.11 billion.

As the rate of increase in both space and manpower assigned to instore lagged that of increase in average store sales, the department was able to chalk up some slight, but nonetheless welcome, improvements in productivity. Average weekly sales per square foot of space were up 1.6 percent, to $3.19, and average weekly sales per employee were up 2.8 percent, to $762.

A visitor to a typical instore after an absence of several years would notice some significant changes in both product mix and presentation.

To be sure, bread and rolls still dominate department sales, taking 40 cents out of every dollar. Also, a separate presentation of crusty breads is likely to be available, along with whole grains, sourdoughs and even vegetable breads.

Old breakfast favorites like Danish and doughnuts and other sweet goods now share their popularity with croissants, muffins and bagels—lines whose seemingly infinite varieties have still

Continued on page 10A

Service delis are proving to be the chameleons of today's supermarket, instinctively adapting themselves to almost any environment. Pint-sized independent supermarkets, like LaBonne's Epicure Market in Watertown, Conn., dedicate a substantial share of precious floor space to them, while at the other end of the spectrum, super warehouse stores like Cub and Winn Dixie's prototypical Table Supply allot them prime positions in the traffic flow.

Regardless of the store size or format in which they are found, however, service delis these days are the beneficiaries of re-thought product lines and a more pronounced merchandising bounce. Given this sales push from the store size counterpointing the purchase-pull from shoppers eager to trade money for time, the deli sector's good sales grades in 1985 should surprise no one.

How good? Average sales per unit rose by 8.4 percent, to $6,450 per week, as the number of operations rose by 4.2 percent, to 17,400. (Fifty-seven percent of supermarkets have a service deli today.) Overall sales vaulted to $5.83 billion, a more than respectable 12.8 percent increase.

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not staled the imaginations of suppliers.

As for presentation, the instore section is increasingly adopting and adapting the concept on which the basic supermarket is founded: self-service. The dual motivations are the need to control labor costs and the desire to stimulate impulse purchases.

Although some self-service was always available in bakeries in the form of prepackaged product (such as baked pies on display tables), the self-service movement has been energized by retailer experimentation with, and customer acceptance of, bulk self-service. Here the vanguard self-service roll bins have been supplemented by in-wall shelves of sweet goods, cookies, doughnuts, etc., often restocked from behind. Two-thirds of surveyed instore executives say they expect their operations to move toward more self-service; only 4 percent foresee movement toward more service.

(NOTE: The statistics presented in this section come from a mail survey of those responsible for directing instore bakeries at both the supermarket and warehouse level.)

The good news for total instore sales would be even better if the proportion of shoppers who buy from the section could be unstuck from the current one-in-four level.

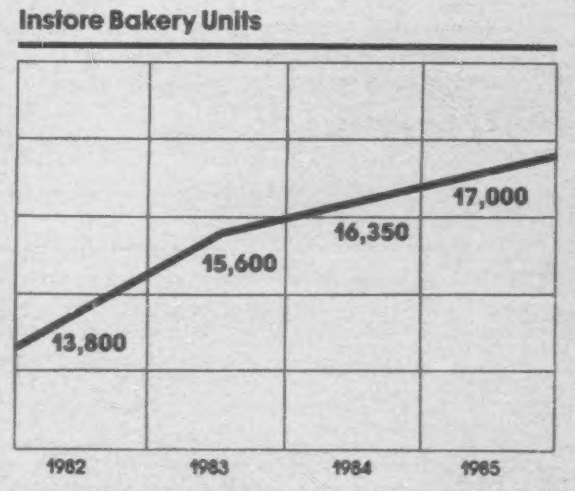
To that end, bakery executives are turning up the merchandising heat. In addition to offering an average of 4.8 price special promotions a week, instores are loading their merchandising muskets with a variety of ammunition ranging from in-ad coupons and two-for-one offers to more frequent and extensive demos and, in at least one case, early bird specials (10 percent off all doughnuts from 7 a.m. to 10 a.m.).

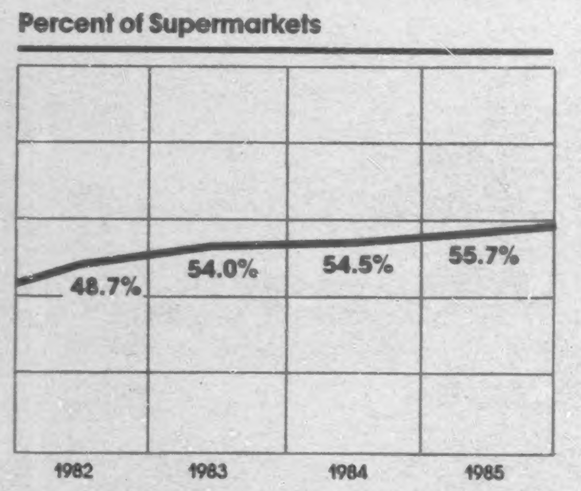
Regardless of the merchandising method of choice, instore executives are almost unanimous in beseeching their suppliers to lend a greater merchandising hand, be it to help with demos, more point-of-purchase (POP) materials or, you guessed it, merchandising allowances.

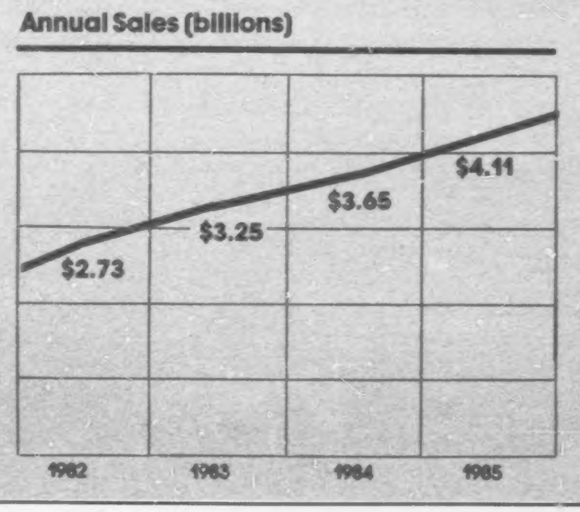
BAKERY/CENSUS

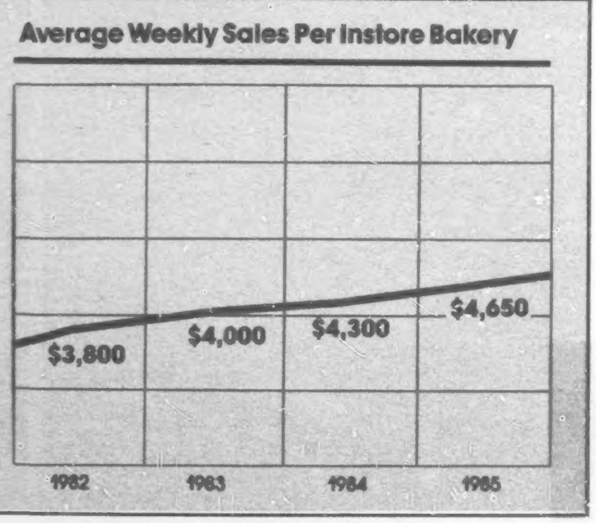
Being in the supermarket business is, increasingly, synonymous with being in the instore bakery business. In 1985, the number of instore installations rose by 650, or 4.0 percent, to 17,000. Helped along by an 8.1 percent increase in average department sales, the sector roared to over $4 billion in sales.

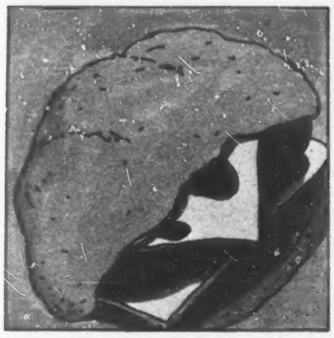
Sales of supermarket instore bakeries jumped the $4 billion hurdle in 1985 to ring up a yeasty $4.11 billion total. The double-digit (12.6 percent) surge of this relative newcomer contrasts sharply with the restrained sales pace that envelops the rest of the supermarket in these post-inflationary times. Two factors continue to support overall sector growth: (1) Expansion in the number of departments both through new store openings and remodels, and (2) a fattening in average departmental sales by 8.1 percent, to $4,650 per week.


Instore Bakery Units


Percent of Supermarkets


Annual Sales (billions)


Average Weekly Sales Per Instore Bakery



BAKERY/SALES, MARGINS & PRODUCT MIX

While new product introductions have long enlivened shopper passage through the dry grocery aisles of the supermarket, the spice they can add to the instore section is only recently being acknowledged. Bagels, croissants and muffins continue on a roll, along with new renderings of old-favorite cookies and breads.

That instores bring in only $2.70 out of every $100 in supermarkets that have them ignores their prominence as a key part of the "positioning" statement. To make sure that statement is kept both current and clear, bakery directors constantly fine-tune their product mix. While breads and rolls remain the keystone 40 percent of bakery sales, new varieties of croissants, muffins and bagels continue to come onstream. What's new in bread itself is often what's oldest, or at least most traditional—European-style crusty breads. Even as product mix is edited, however, bakers are able to maintain their gross margins on the sunny side of 50 percent.

Average Weekly Sales

Mean **$4,650** Median **$4,050**

$2,000 or less	7%
$2,001–$3,000	18
$3,001–$4,000	18
$4,001–$5,000	21
$5,001–$6,000	22
$6,001–$8,000	8
Over $8,000	6
Total	100%

Change in Dollar Sales
(1985 vs. 1984)

Higher	88%
No change	9
Lower	3
Total	100%

Share of Total Store Sales

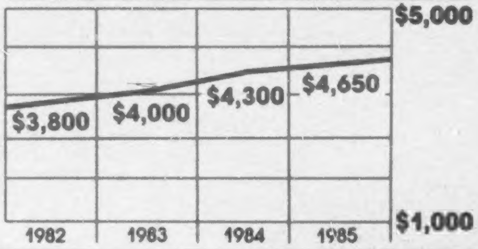
Mean **2.7%** Median **2.6%**

% of Total Sales	
Less than 2.0%	18%
2.0–2.9	40
3.0–3.9	28
4.0 or more	14
Total	100%

Change in Share of Total Store Sales

	'85 vs. '84	'86 vs. '85*
Increased share	76%	75%
No change	17	21
Decreased share	7	4
Total	100%	100%

*Estimate



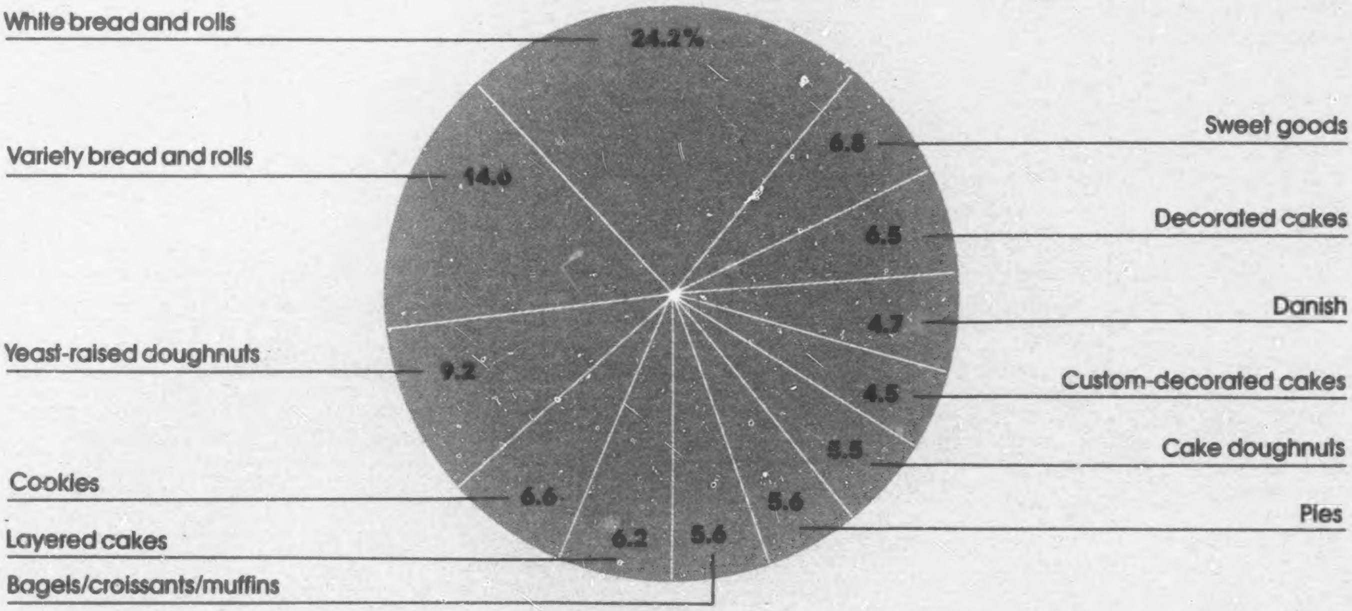
Average Weekly Sales

Gross Margin

Mean	52.6%
Median	52.0%
Less than 40%	7%
40–49	29
50–59	39
60 or more	25
Total	100%

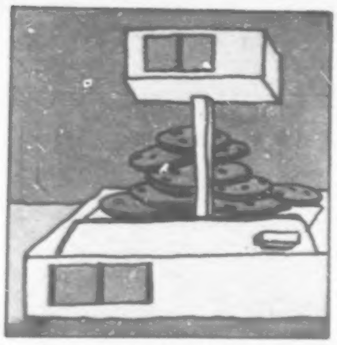
Bakery Items/Lines Most Frequently Added or Increased

- —Croissants
- —Soft or gourmet cookies
- —Muffins
- —Crusty breads
- —Bagels
- —Variety/specialty breads



Portioning Out the Instore Bakery Sales Dollar

Share of Sales



BAKERY/SPACE, LOCATION & EQUIPMENT

Instore bakeries can be said to have large appetites of their own—for store space, for capital investment in equipment and for the spotlit lead-off location in the traffic flow. But few retailers are prone to skimp when it's a question of funding a section capable of summarizing a store's positioning.

Are store planners willing to allocate, on average, 4.8 percent of their total space to a department that realizes only 2.7 percent of total sales? Increasingly, the answer is an unhesitating yes. The relatively tepid average weekly sales per square foot of $3.19 would be more than doubled if the necessarily extensive space allocated to prep areas were subtracted from the equation. Designers, moreover, are letting the prep area do some "selling" itself by building in maximum exposure of busy bakers to passing shoppers rather than walling them off.

In many new stores, produce has been forced to cede its traditional lead-off position to the instore bakery, which delivers a first impression to customers of both freshness and service. (Controrians who argue that shoppers are loathe to have a lead-off purchase of, say, eclairs crushed by a subsequent purchase of a six-pack of beer remain in the minority.) Arguments for and against joint delibake operations also continue to be unresolved, with about four stores in 10 adopting the concept.

Size of Department

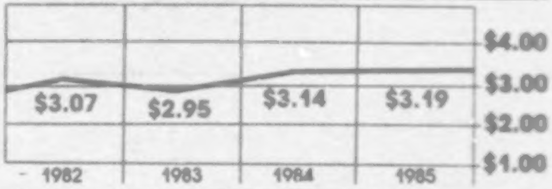
Square Feet of Space	
Mean	**1,460 Square Feet**
Median	**1,350 Square Feet**
Square Feet	
750 or less	**11%**
751–1000	**16**
1001–1500	**38**
1501–2000	**23**
Over 2000	**12**
Total	**100%**

Share of Total Store Space	
Mean	**4.8%**
Median	**4.3%**
Percent Share	
2.5 or less	**19%**
2.6–5.0	**44**
5.1–7.5	**29**
Over 7.5	**8**
Total	**100%**

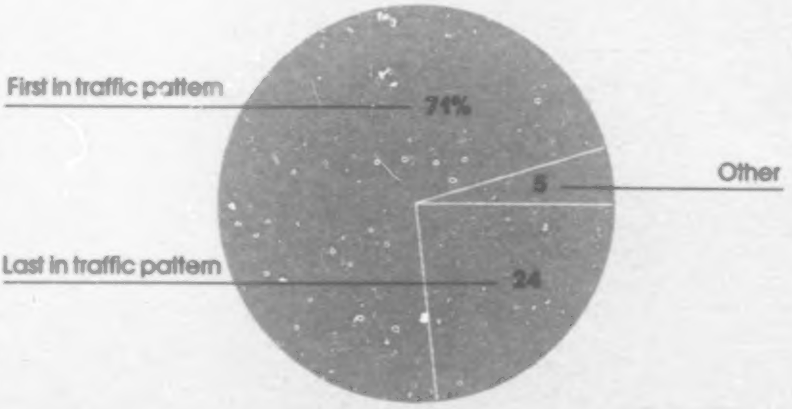
Average Weekly Sales Per Square Foot of Space

Mean	**$3.19**
Under $2.50	**25%**
$2.51–$5.00	**58**
Over $5.00	**17**
Total	**100%**

AverageWeekly Sales Per Square Foot of Space



Preferred Location for Bakery

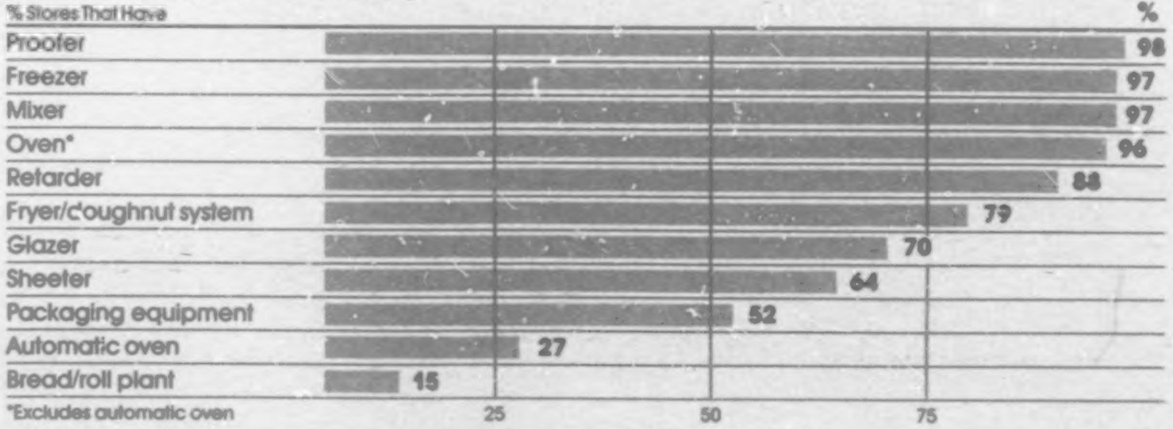


The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

Joint delibake	**38%**
Separate departments	**62**
Total	**100%**

The Well-Equipped Instore Bakery



*Excludes automatic oven

BAKERY/LABOR & SERVICE

The acknowledged leader in labor intensity in today's supermarket, the instore bakery continues to move toward more self-service, both packaged and (where not constricted by local regulations) bulk. The six (full-time equivalent) employees in the typical installation average $762 each in weekly sales.

The beachhead seized by self-service continues to be widened, as bakery directors attempt both to control their labor costs and to maximize impulse purchases. Labor continues to account for one-third of departmental sales. A strong selling ally to that labor is self-service merchandising equipment to handle both bulk and prepackaged self-service product. Many new operations employ custom-designed self-service fixtures to make sure the product gets a compatible selling environment. With two out of three bakery executives saying their bakeries will probably move to even more self-service in the future, such fixturing is bound to continue to evolve and improve in design.

Number of Employees

Full Time	3.3
Part Time	5.6
Full Time Equivalent*	6.1

Full-Time Equivalent Employees

1–2	5%
3–4	27
5–6	39
7–9	19
10 or more	10
Total	100%

*2 part-time = 1 full-time employee

How Much for Labor

(Labor as a Percent of Instore Bakery Sales)

Mean	32.8%
Median	32.0%
Under 26%	12%
26–30	25
31–35	30
36–40	22
Over 40	11
Total	100%

Cake Decorating

% of Stores Offering

Offer	76%
Do not offer	24%

Time for Prep and Service

Breakdown of Labor Hours

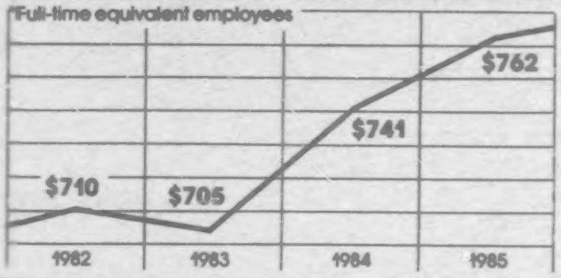
Customer service	40%
Other (incl. prep)	60
Total	100%

Average Weekly Sales Per Employee*

Mean	$762
$500 or less	16%
$501–$750	27
$751–$1,000	40
Over $1,000	17
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee*



*Full-time equivalent employees

Self-Service Equipment

% Stores That Have

Display tables for packaged self-service	95%
Self-service racks (or shelves) without doors	62
Self-service refrigerated cases	29
Roll bins with tongs for self-service	27
Free-standing self-service racks (on wheels)	24
Self-service racks with glass doors	8

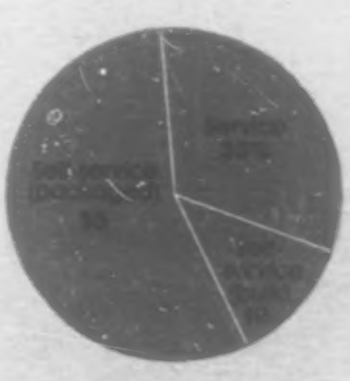
Service vs. Self-Service

% of Stores Offering*

Service	84%
Self-service (packaged)	100
Self-service (bulk)	27

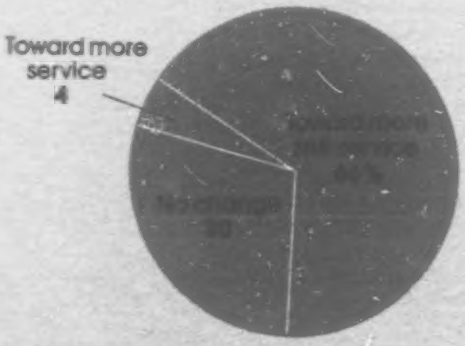
*NOTE: Includes multiple answers

% of Instore Bakery Sales



Trends in Service

Direction Instore Directors Expect Their Operations to Move



BAKERY/PRODUCTION & SUPPLY

Half of instores describe themselves as primarily bake-off operations, with 18 percent scratch or mix and the balance combination. Most are willing to borrow from the other disciplines to maximize quality of a particular line. Supply routes frequently run through the store's grocery warehouse.

While "pure" scratch operations may be the rara avis of the instore aviary, their history suggests they will remain a minority, but not endangered, species. The lure of bake-off—quality consistency and labor cost control——is abetted by the ability of major suppliers to convert their R&D dollars into new lines and items with which bakers can tempt shoppers. A good example is cookies, where new bake-off varieties including gourmet and chewy have helped instores not only to resist the attacks of mega-buck-ad budget commercial cookie makers but also to expand their own cookie sales appreciably.

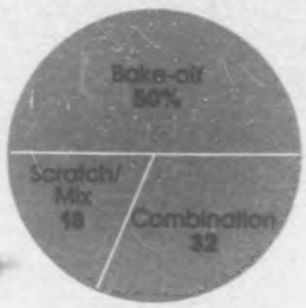
Methods of Production*

*NOTE: Includes multiple answers

	Bake-off	Mix	Scratch
Bread and rolls	75%	41%	24%
Yeast-raised doughnuts	67	60	8
Cake doughnuts	32	77	10
Sweet goods	80	38	22
Cookies	77	22	40
Pies	91	10	15
Layered cakes	51	60	20
Croissants	97	7	13
Brownies	40	52	24
Bagels	92	8	8
Muffins	37	70	30

Major Method of Production

% Using



Suppliers to Instore Bakeries

% Using*

	Bakery Distributor/ Supplier	Grocery Wholesaler	Ingredients Manufacturer	Wholesaler Baker
Bake-off	55%	52%	18%	11%
Mix	60	30	46	9
Scratch	73	42	33	6

*NOTE: Includes multiple answers

Warehouse vs. Direct Delivery

% of Baking Ingredients Supplied

Through warehouse	65%
Direct to stores	35
Total	100%

BAKERY/MERCHANDISING & CUSTOMERS

Three out of four shoppers typically pass the instore bakery by without making a purchase. In addition to trying to add more merchandising spark to their own efforts, instore executives are looking to their suppliers to provide them with more POP materials, more help with demos and—above all—more ideas.

Having been awarded such a prominent position in the store's traffic flow doesn't seem to have been much help to the instore bakery in translating passers into buyers. On average, only one shopper in four bothers to make a purchase from the bakery. As the service factor (intentionally) ebbs, the slack has evidently not been taken up by merchandising programs of traffic-stopping caliber, even with the supposed lure of almost five price promos a week. Bakery directors who want to snare more of those passers wage a fight for a bigger share of the weekly store ad while escalating their demo programs.

How Supermarket Customers Spend

Percent Who Shop the Instore Bakery

Mean **27.8%** Median **25.0%**

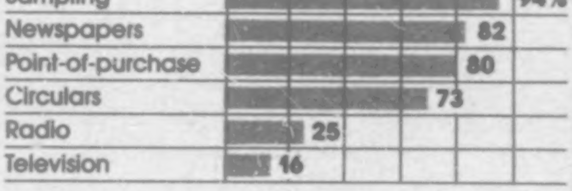
How Much They Spend

Mean **$1.34** Median **$1.22**

Under $1.00	30%
$1.01–$1.50	42
Over $1.50	28
Total	100%

Advertising and Promotion Sell Instore Bakery

% Using



Weekly Price Special Promotions

Mean	4.8
1 or 2	12%
3 or 4	31
5 or 6	42
7 or more	15
Total	100%

SERVICE DELI REVIEW

Continued from page 4A

The product mix of the deli is evolving both to refine presentations of the staple three (sliced meats, cheese and salads) and to welcome entire new lines. For assured quality, shoppers have been willing to pay $8 a pound or more for high-grade seafood salads, a sale that would take almost 15 pounds of commodity-type price-special salads to equal in dollar gross.

As for the new, pizza operations continue to attract new adherents.

The introduction of more self-service into the service deli section may seem a contradiction in terms, but it has a place as cases are set aside for prepackaged sandwiches, entrees, salads and desserts. With custom fixturing and constant restocking (as, for example, in the sleek self-service sandwich fixture in the new Randall's Flagship in Houston), self-service can enhance the deli department's image. Less fastidious operations unfortunately too often sponsor self-service sections that resemble culinary toxic waste dumps full of stale leftovers.

The turnup in merchandising voltage is evident everywhere, from store ads to POP efforts. Delis offer an average of 8.6 price specials a week, with sliced meats getting the most. But operators aren't counting on price appeal to pull the wagon alone. More effort is being put into imaginative merchandising. Deli operators who completed INSTORE BUSINESS's annual survey questionnaire indicate that they're looking to their suppliers to increase their flow of POP materials, demo opportunities and even training for store employees.

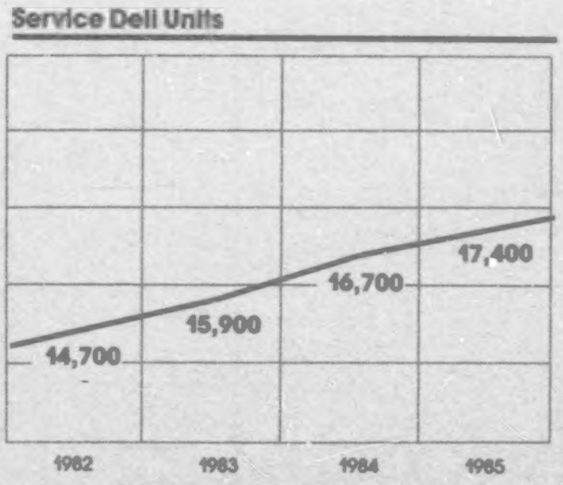
(NOTE: The statistics presented in this section come from a mail survey of those responsible for directing service delis at both the supermarket and warehouse level.)

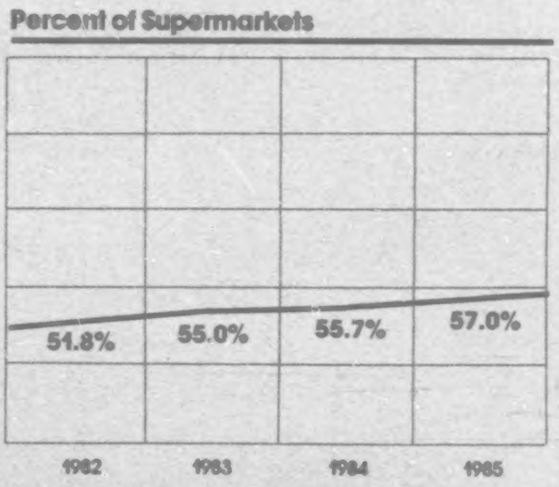
Delis are trying to counter competition from the eating-away-from-home sector with a variety of stratagems ranging from party platter programs to take-home-and-microwave entrees. Many operators observe that their biggest promotional opportunity of the year has become the Super Bowl—the day when they're sure their customers are eating at home.

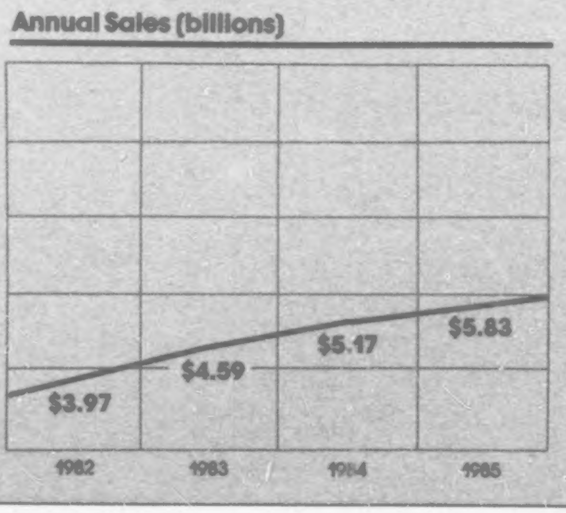
DELI/CENSUS

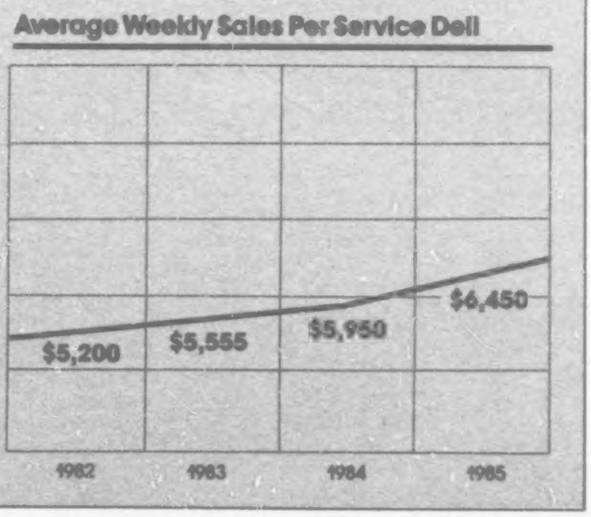
As the supermarket's not-so-secret weapon against attacks on the nation's food dollar by fast-food predators, service delis continue to grow in effectiveness while fine-tuning their tactics. Last year, they showed their mettle with an overall sales increase of 12.8 percent, to $5.83 billion.

In most sections of the supermarket, shoppers can buy food. But in the service deli they are increasingly attracted to the availability of another increasingly coveted commodity—time. Small wonder, then, that in a year when overall store sales remained basically flat, the average service deli installation registered an increase in sales of 8.4 percent, to $6,450 per week. With added help from a net increase of 700 units, to 17,400, sales for the nation's service deli climbed an impressive 12.8 percent to $5.83 billion.









DELI/SALES, MARGINS & PRODUCT MIX

Accounting for about four out of 100 sales dollars in the 57 percent of supermarkets that have them, service delis continue to retail staple cold cuts, cheese and salad selections, while experimenting with additions such as pizza and formal sandwich programs.

The traditional trio—sliced meats, cheeses and salads—still dominates the service deli, accounting for seven out of 10 sales dollars. Even such staples, however, are subject to innovation. Salad selections are being upgraded, with prices and presentation going in the same direction. Brand-name quality is stressed in cold cuts, as the shaved concept continues to attract new supporters. And selections of specialty cheeses are being broadened, often in free-standing sections of their own that also accommodate imported crackers and pâtés and other upscale fare.

Average Weekly Sales

Mean $6,450 **Median $6,050**

$4,000 or less	19%
$4,001–$6,000	28
$6,001–$8,000	24
$8,001–$10,000	22
Over $10,000	7
Total	100%

Change in Dollar Sales
(1985 vs. 1984)

Higher	88%
No change	8
Lower	4
Total	100%

Share of Total Store Sales

Mean 3.9% **Median 3.8%**

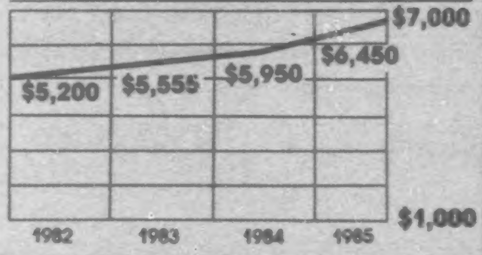
% of Total Sales	
Less than 3.0%	18%
3.0–3.9	32
4.0–4.9	25
5.0 or more	25
Total	100%

Change in Share of Total Store Sales

	'85 vs. '84	'86 vs. '85*
Increased share	86%	71%
No change	7	25
Decreased share	7	4
Total	100%	100%

*Estimate

Average Weekly Sales



Gross Margin

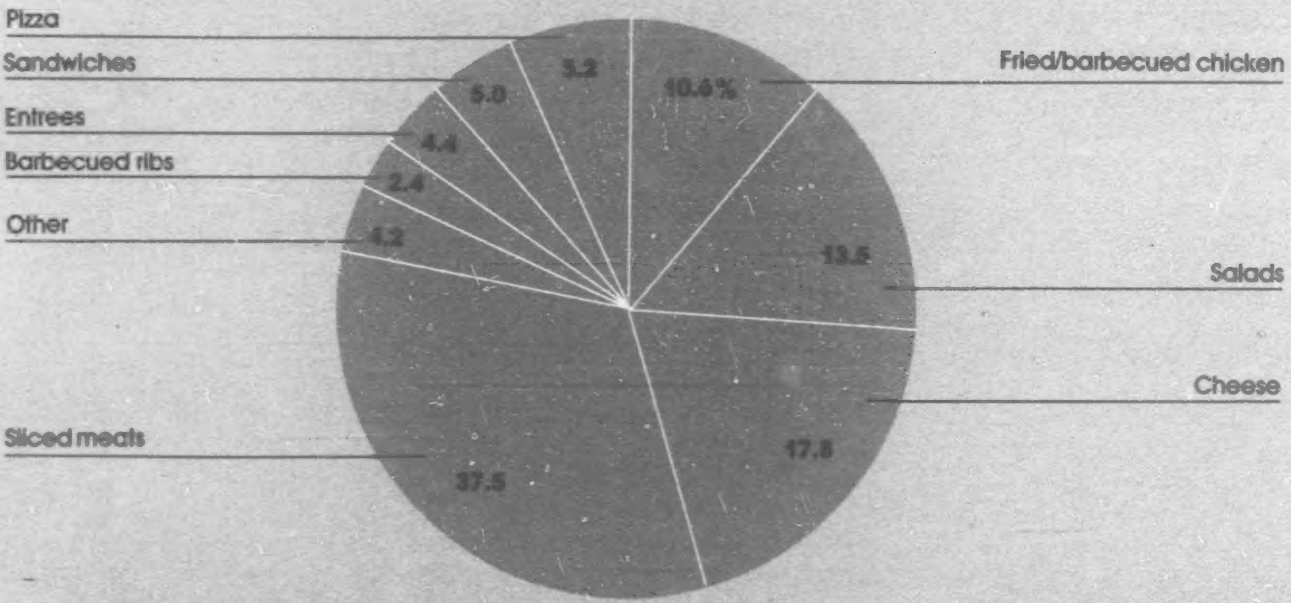
Mean	38.5%
Median	40.0%
Less than 35%	17%
35–39	28
40–44	45
45 or more	10
Total	100%

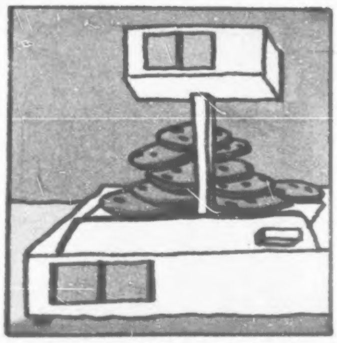
Service Deli Items/ Lines Most Frequently Added or Increased

- —Pizza
- —Specialty cheeses
- —Upgraded salads
- —Hot entrees
- —Soup
- —Chicken

Portioning Out the Service Deli Sales Dollar

Share of Sales





DELI/SPACE, LOCATION & EQUIPMENT

The signature of the up-market deli of the '80s may well be the magenta reflection of neon off the Porsche-like facade of a European-style display case. But even less trendy operations are busy making every foot of floor space pull its weight with labor-friendly prep equipment.

Mixing more up-price elements into their departmental offerings, deli directors have been able to push their weekly sales per square foot of space to an average $6.61, up by 25 percent in just three years. Averaging under 1,000 square feet of space, service delis contribute 3.9 percent of overall sales, while occupying only 3.5 percent of store space. One deli in three claims average weekly sales in excess of $10 a foot.

Size of Department

Square Feet of Space

Mean	975 Square Feet
Median	900 Square Feet

Square Feet	
500 or less	28%
501–750	14
751–1000	20
1001–1500	17
1501–2000	17
Over 2000	4
Total	100%

Share of Total Store Space

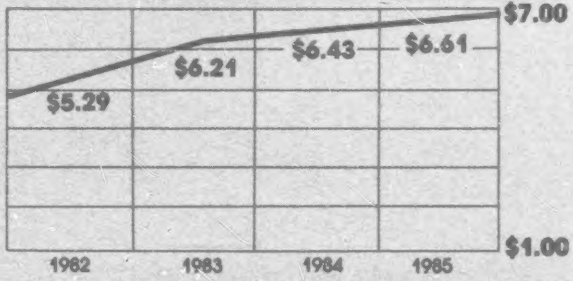
Mean	3.5%
Median	2.9%

Percent Share	
1.0–2.5	41%
2.6–5.0	36
Over 5.0	23
Total	100%

Average Weekly Sales Per Square Foot of Space

Mean	$6.61
Under $5.00	38%
$5.01–$10.00	27
$10.01–$20.00	20
Over $20.00	15
Total	100%

Average Weekly Sales Per Square Foot of Space



While a bare majority of deli directors like to see their department in the lead-off position in store traffic, 18 percent vote for last, and another 25 percent eschew both first and last, often citing a preference for the back wall or one of the rear corners. Wherever, the section is likely to exhibit a panoply of equipment for prep work. There is a schism, however, in opinion over whether the output of that prep work should be displayed in European-style or traditional casing. Euro-advocates often argue that their upgraded product mix merits a compatible setting.

The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

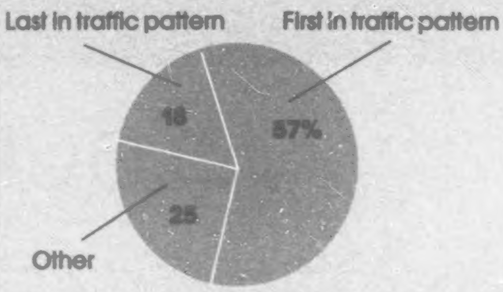
Joint Delibake	38%
Separate departments	62
Total	100%

Popularity of Display Casing Styles

% Likely to Use in Upcoming Installations

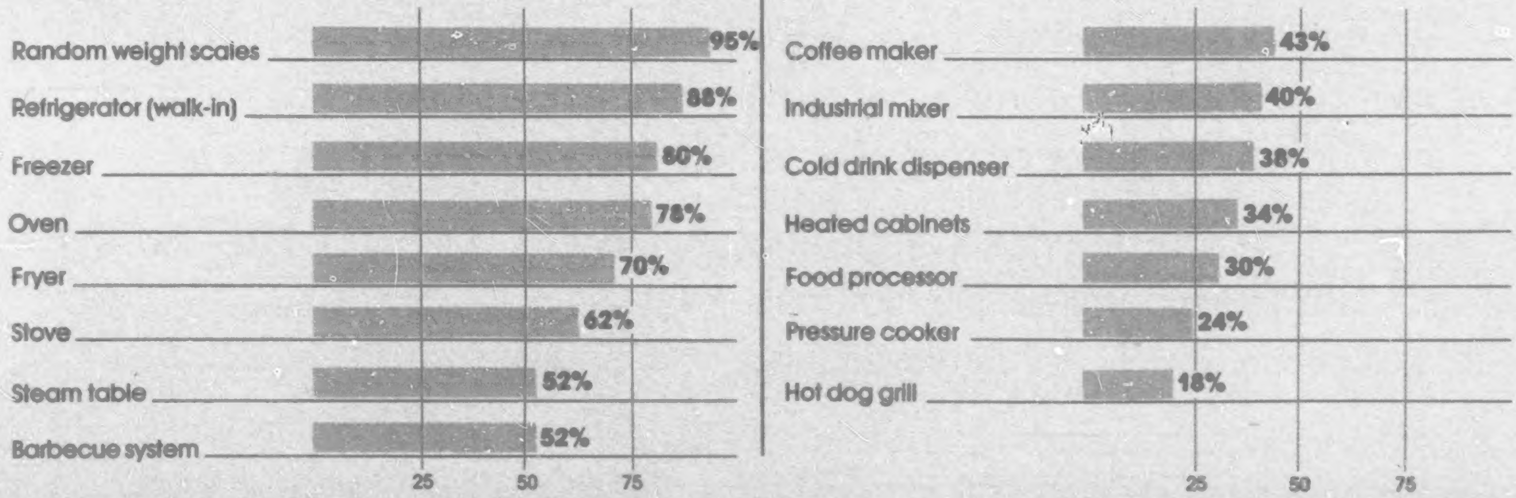
New European-style casing	45%
Traditional casing	45
Both	10
Total	100%

Preferred Location for Service Deli



The Well-Equipped Service Deli

% Stores That Have



DELI/LABOR & SERVICE

From behind the average service deli counter, "Next please" rings out from 2.2 full-time and 6.8 part-time employees. For customers who don't want to wait their turn to be next, however, deli departments are increasing self-service selections of sandwiches, entrees, salads and desserts.

The equivalent of one in five service deli sales dollars is allocated to departmental labor. Much of that labor is part time, with three part timers backing up every full timer on average. While part-time help abets flexibility in scheduling, some deli directors decry the difficulty of recruiting, training and maintaining standards for part timers. In an effort to trim labor costs and increase impulse purchases, many deli operations are expanding special self-service sections. When poorly maintained, rotated and signed, however (as is often the case), these self-service cases can erode the deli's hard-won reputation for freshness and service.

Number of Employees

Full Time	2.2
Part Time	6.8
Full Time Equivalent*	5.6

Full-Time Equivalent Employees

Less than 3	2%
3–4	48
5–6	30
7–9	13
10 or more	7
Total	100%

*2 part-time = 1 full-time employee

How Much for Labor

(Labor as a Percent of Service Deli Sales)

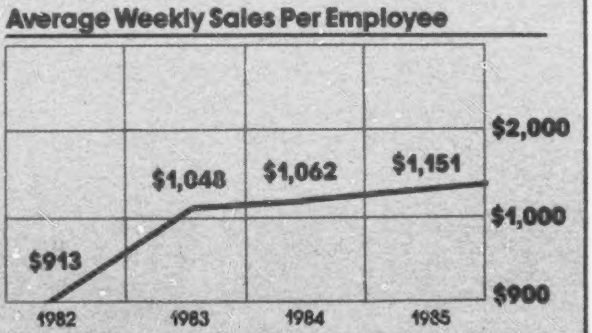
Mean	20.9%
Median	20.0%
10–15%	26%
16–20	25
21–25	32
26–30	14
Over 30	3
Total	100%

Average Weekly Sales Per Employee*

Mean	$1,151
$750 or less	15%
$751–$1,000	21
$1,001–$1,500	35
$1,501–$2,000	19
Over $2,000	10
Total	100%

*Full-time equivalent employees

Average Weekly Sales Per Employee



Special Area for Consuming Foods/Drink From Deli On Premises

% Stores Offering

Have facilities	27%
No facilities	73%
Total	100%

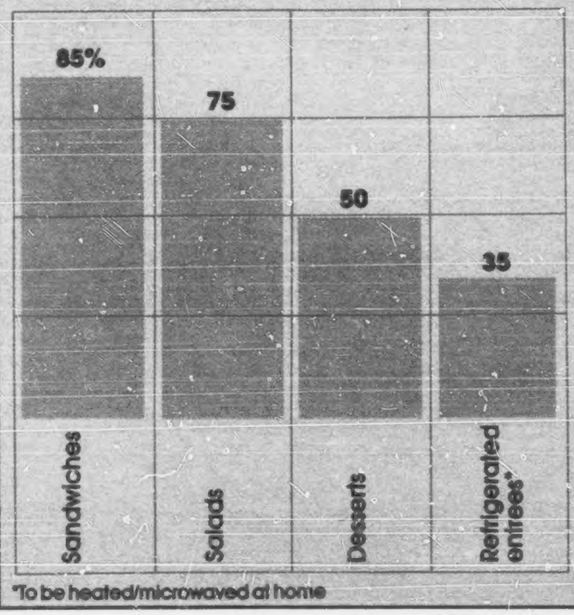
Time for Prep and Service

Breakdown of Labor Hours

Customer service	70%
Other (incl. prap)	30
Total	100%

Offerings of Prepackaged Products In Self-Service Cases

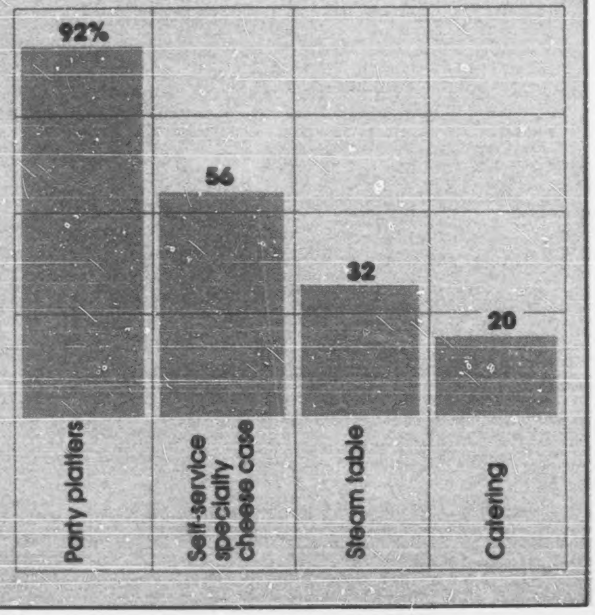
% Stores Offering

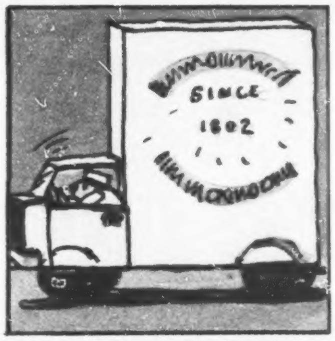


*To be heated/microwaved at home

Special Services

% Stores Offering





DELI/PRODUCTION & SUPPLY

The make-it-from-scratch and buy-it-from-outside apologists may never reconcile, but both sides increasingly realize that it pays to be flexible. Suppliers continue to upgrade their recipes to appeal to more sophisticated tastes, while once-pure scratch operations look outside for help with fastest movers.

When asked what actions their suppliers could take to increase the success of their service deli customers, several operators recommended that suppliers improve their "understanding" of the service deli business. A western chain representative sums up the perceived problem: "They've got to take more interest in problems at the store level. They are spread out too thin!" Four in 10 stores prepare at least some of their salads from scratch, usually as a supplement to orders from outside salad suppliers.

Commissaries

% Companies Having Company-Operated Commissary From Which Stores Order

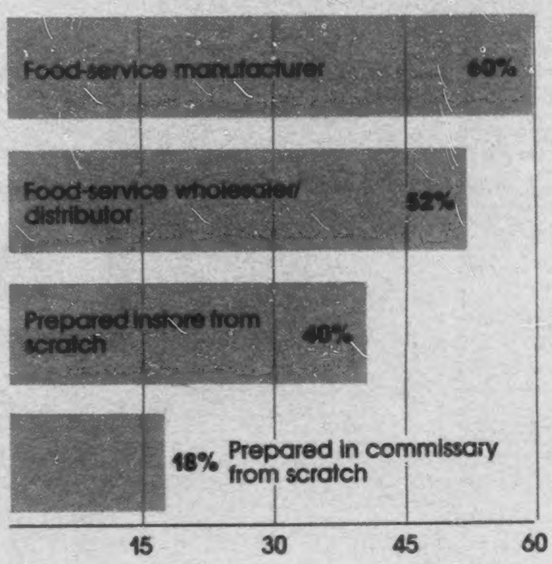
Have commissary	20%
Do not have commissary	80
Total	100%

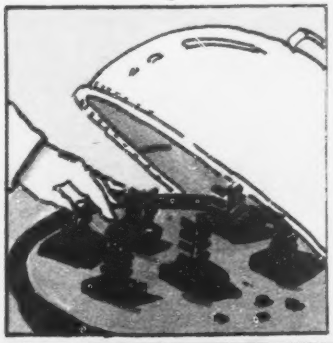
Main Function of Commissary

Preparation from scratch ingredients	50%
Ordering from food-service suppliers	50
Total	100%

Sources of Service Deli Salads

% Stores Using





DELI/MERCHANDISING & CUSTOMERS

The theory is that weekly price promotions will hook additional customers who will then buy something besides bargain baloney. As customer count stays stalled at about one in five store shoppers and average transaction at slightly over $3, the theory seems to have leaks.

The price club continues to be aggressively wielded by supermarket service delis, with the average operation offering 8.6 price promos each week. The availability of these specials is ballyhooed to shoppers both by consumer media, as part of the weekly store ad, and by instore enticements including demos and point-of-purchase (POP) materials. Operators feel that suppliers could do a great deal more to help delis with their merchandising. Specifically, they want more demos and more POP materials. Until that happens, the four in five shoppers who pass by without making a purchase are unlikely to stop at the service deli.

How Customers Spend

Percent Who Shop the Deli

Mean **20.2%** Median **19.0%**

How Much They Spend

Mean **$3.25** Median **$3.00**

Under $2.00	20%
$2.01–$3.00	33
$3.01–$4.00	37
Over $4.00	10
Total	100%

Advertising and Promotion Sell Service Deli	% Using
Sampling	89%
Newspapers	85
Point-of-purchase	83
Circulars	69
Radio	23
Television	19

Weekly Price Special Promotions

Average Number of Price Specials Offered Each Week

Sliced meats	3.5
Cheeses	2.2
Salads	1.5
Other	1.4
Total	8.6

HOW PROFITABLE ARE HEALTH & BEAUTY AIDS?

A STAFF REPORT

The answer to the question of how profitable health and beauty aids (HBA) are might be another question: What kind of deals and allowances do I get? It's not as simple as that, of course, but a NONFOODS BUSINESS survey does point out that for many grocery warehouses and service merchandisers, the best deals sometimes lead to the lowest profits.

NONFOODS BUSINESS asked retailers (chains, co-ops, voluntaries and unaffiliateds) and service merchandisers to rank, on a scale of one to seven, HBA in three areas: profitability, adequacy of deals and allowances and whether HBA products respond well to special display. The HBA categories were: diet aids, cosmetics, baby products, first aid, toothpaste, sanitary napkins/tampons, analgesics, hair care products, deodorant, razor blades (including disposables), vitamins, cough/cold preparations, mouthwashes, antacids, laxatives and face/body creams/lotions.

The least profitable items for both grocery warehouses and service merchandisers are mouthwashes, sanitary napkins/tampons and toothpaste. Analgesics are comparatively low-profit winners also. In ranking the adequacy of deals and allowances, retailers supplied by grocery warehouses rank toothpaste, razor blades (including disposables) and cough and cold preparations as the best. Service merchandisers rank toothpaste, cough/cold preparations and analgesics as having the best deals and allowances.

According to the NFB survey, retailers supplied by a grocery warehouse consider the most profitable items to be, in order, cosmetics, vitamins, hair care and first aid products. For service merchandisers, the most profitable are hair care, vitamins, first aid and cosmetics.

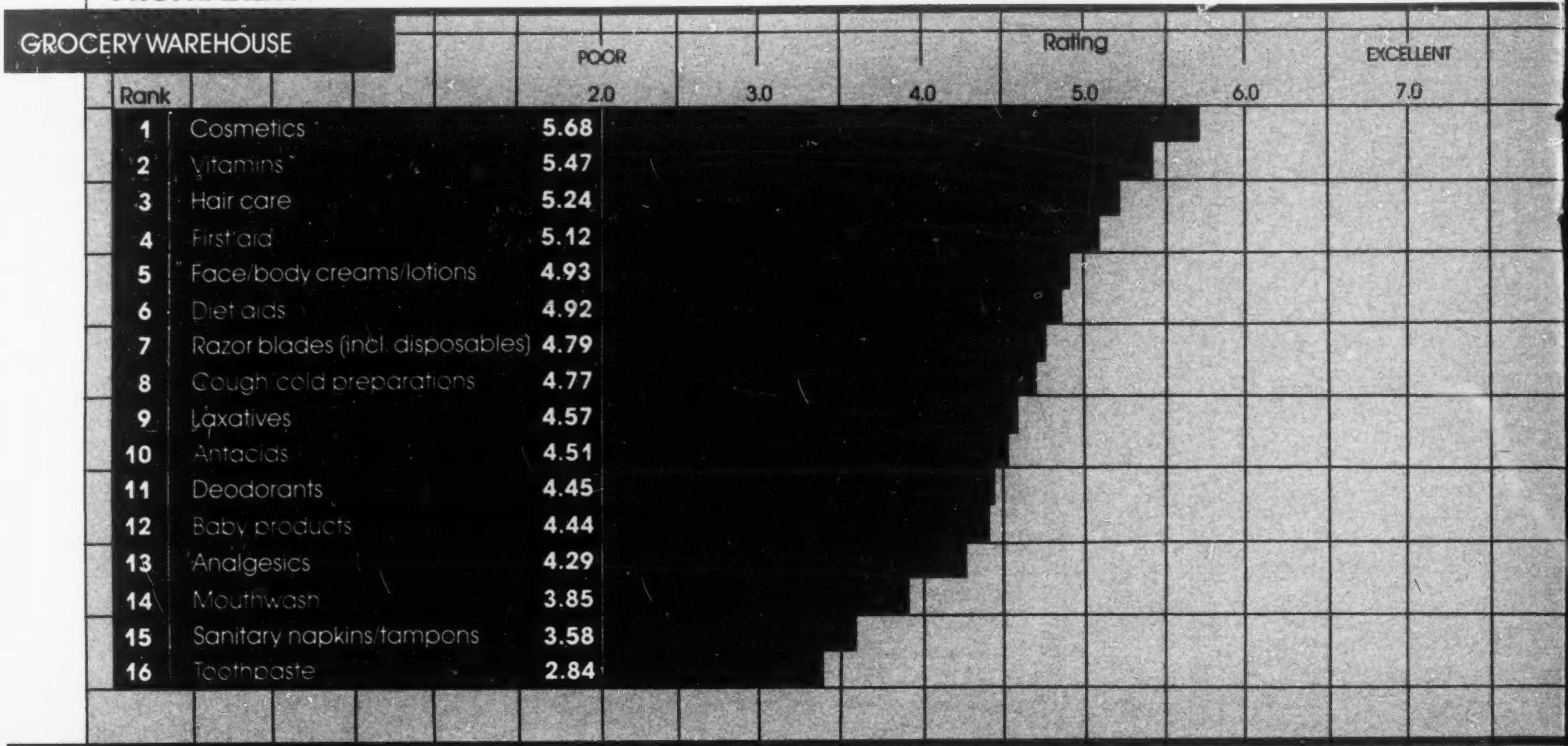
There is some correlation between deals and allowances and how well an item responds to special display. Toothpaste, deodorants, cough/cold preparations and razor blades are all ranked highly on both, while laxatives, diet aids and cosmetics

Continued on page 70

HEALTH & BEAUTY AIDS

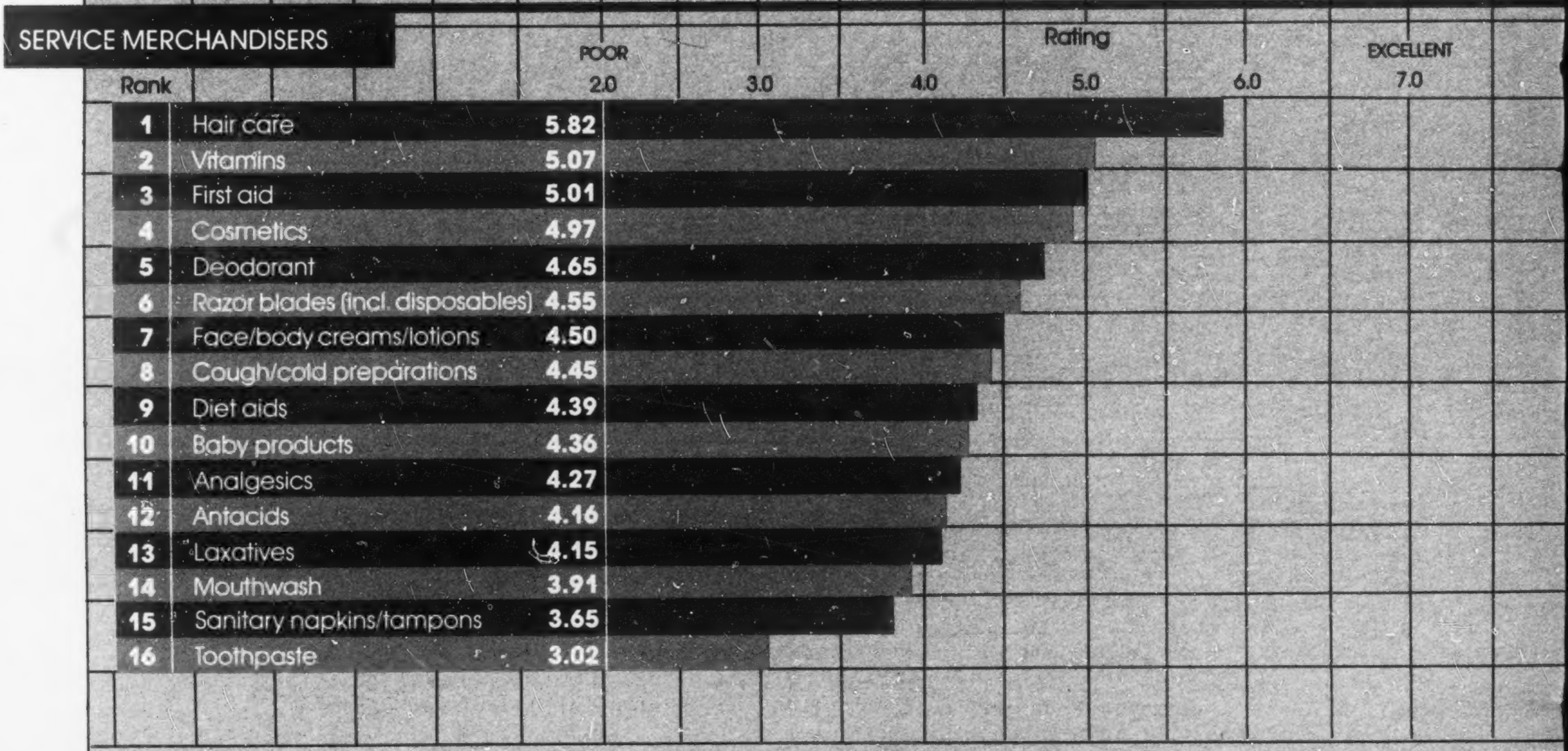
PROFITABILITY

GROCERY WAREHOUSE



Rank		
1	Cosmetics	5.68
2	Vitamins	5.47
3	Hair care	5.24
4	First aid	5.12
5	Face/body creams/lotions	4.93
6	Diet aids	4.92
7	Razor blades (incl. disposables)	4.79
8	Cough/cold preparations	4.77
9	Laxatives	4.57
10	Antacids	4.51
11	Deodorants	4.45
12	Baby products	4.44
13	Analgesics	4.29
14	Mouthwash	3.85
15	Sanitary napkins/tampons	3.58
16	Toothpaste	2.84

SERVICE MERCHANDISERS



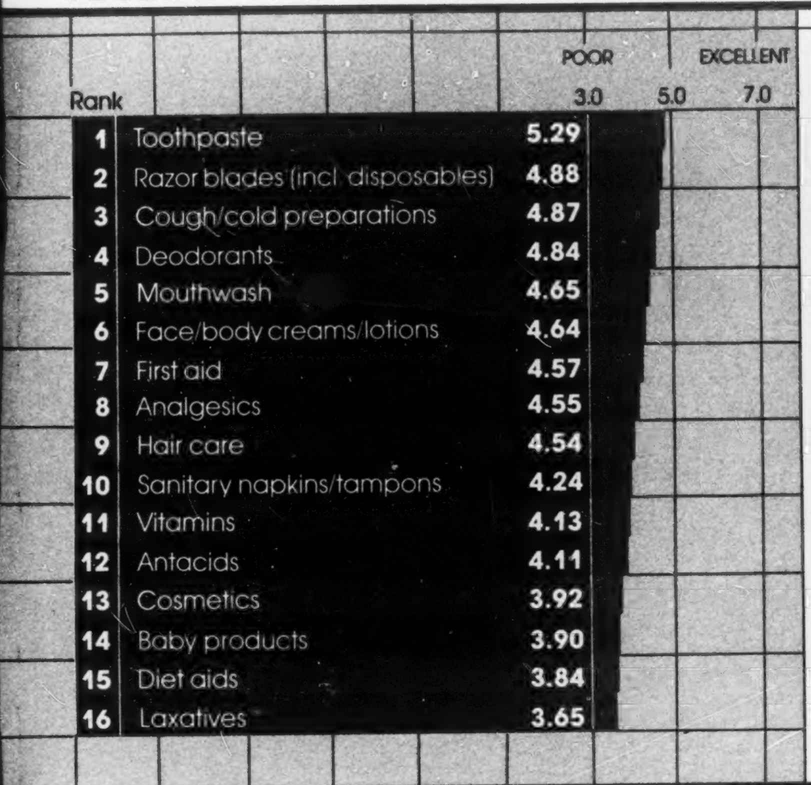
Rank		
1	Hair care	5.82
2	Vitamins	5.07
3	First aid	5.01
4	Cosmetics	4.97
5	Deodorant	4.65
6	Razor blades (incl. disposables)	4.55
7	Face/body creams/lotions	4.50
8	Cough/cold preparations	4.45
9	Diet aids	4.39
10	Baby products	4.36
11	Analgesics	4.27
12	Antacids	4.16
13	Laxatives	4.15
14	Mouthwash	3.91
15	Sanitary napkins/tampons	3.65
16	Toothpaste	3.02

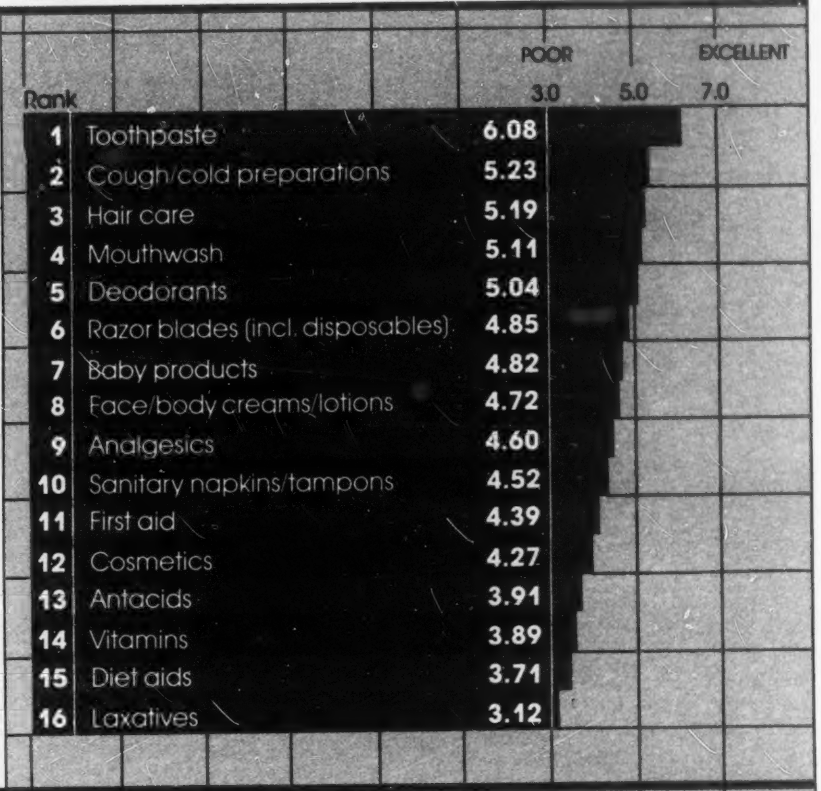
Respondents were asked to rank the profitability of the HBA items listed above, on a scale of one to seven, with seven being excellent. There are similarities between what products service merchandisers and grocery warehouses find profitable. Naturally, the products that service merchandisers stock are at the top of their list. Differences are found in what either group stocks. Deodorants, for example, are fairly profitable for service merchandisers, and less so for grocery warehouses, compared with other HBA items.

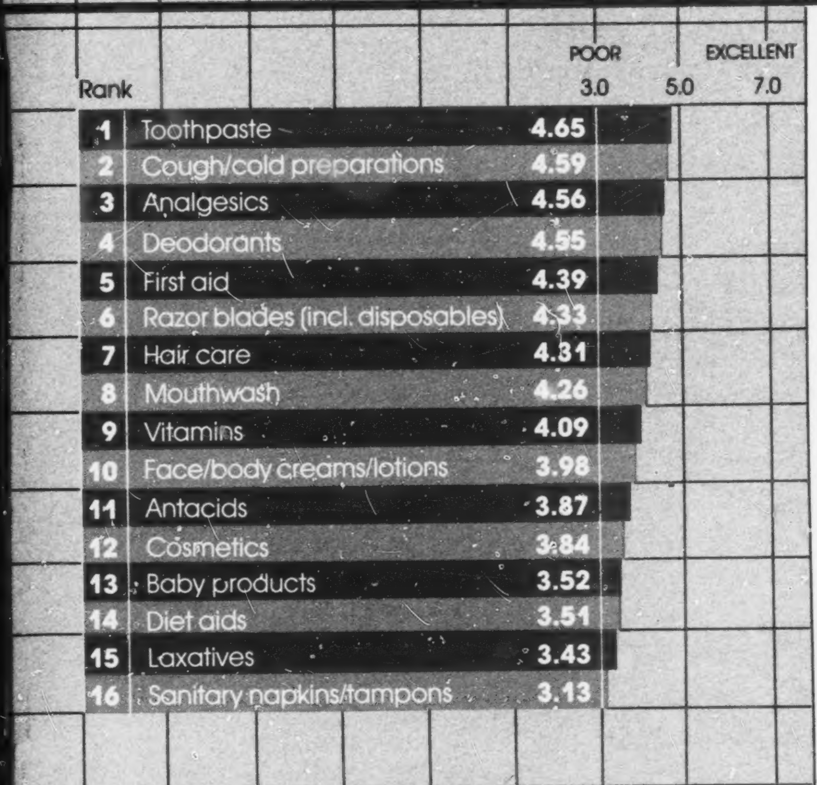
Ranks seem related between deals and displays. Between profitability and deals or displays, however, rankings are sometimes markedly reversed. Some high-profit items receive low deal rankings.

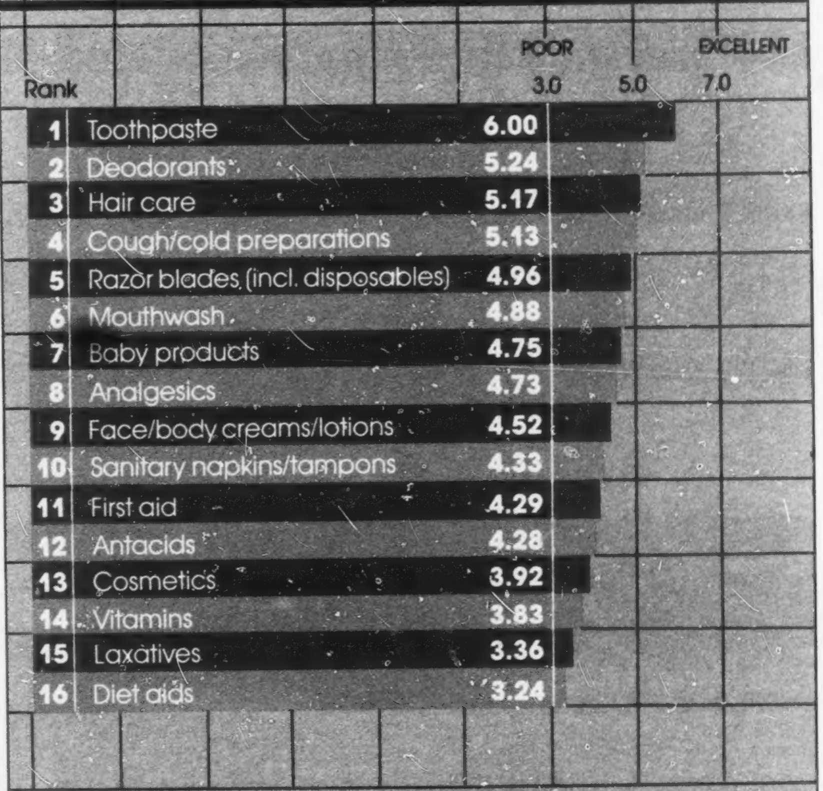
ADEQUACY OF DEALS AND ALLOWANCES

RESPONDS WELL TO SPECIAL DISPLAY









The adequacy of deals and allowances for HBA, compared with the products' gross margins, is interesting. Toothpaste, for example, ranked high on deals and allowances, and special displays has an 18.8 percent gross margin, according to the 1985 Consumer Expenditures Study. Cosmetics ranked fairly low on deals and allowances, and display has a 39.6 percent gross margin. Diet aids have a 34.0 percent gross margin, but low rankings on special display and deals and allowances. Perhaps these figures show that a product has to buy its way in with allowances in order to get special display space to prove how they might do.

SAMI UPDATE

January HBA Food Store Volume Tops Strong Year-Ago Level by a Slim Margin

BY ALAN MILLER, JR.

Sales of cough and cold remedies were weak, which might be an indication that U.S. consumers were in better health at the beginning of the new year.

Last year, sales of health and beauty aids (HBA) were off to a flying start, reflecting an increase of 3.8 percent over the corresponding 1984 period. SAMI's initial 28-day reporting interval in 1986 gained just under 1 million units, or 0.4 percent. This rate of increase was lower than all SAMI product departments except frozen, which recorded a unit volume decline of -2.8.

In all 475 SAMI categories combined, the four-week increase for the interval that ended Jan. 31, 1986, was 1.6 percent, with the highest unit growth rates registered by refrigerated foods (+ 4.7 percent) and dry grocery:nonfoods (+ 2.5 percent). The four-week gain in the highest volume department— dry grocery:food—was 1.4 percent.

In the HBA arena, gains and losses were evenly split on both a product group and a product category basis. Among product groups, four had four-week gains, paced by skin care aids with a rise of 8.5 percent and shaving needs ahead 5.5 percent. Hair care needs were up 3.4 percent, and deodorants showed a gain rate of 0.9 percent. Two of the product group loss rates were less than 1 percent: baby needs (-0.8 percent) and oral hygiene (-0.3 percent). The highest decline was -2.7 percent among proprietary remedies.

Capsules okay this time

Twenty-four categories showed gains, and 26 had loss rates for the 28-day period. The most recent Tylenol poisonings did not occur until after the reporting period; otherwise, there might have been a higher loss rate among proprietary remedies, especially those in capsule form.

Except for suntan lotion and oil, which enjoyed an off-season spurt of 102.5 percent, the highest growth rate continues to be centered on the hair setting needs, which are still performing strongly (+ 44.1 percent). The sharpest decline percentage-wise was the 16.5 percent nosedive by cream deodorants. Home permanents kits also fell sharply, recording a decline of 15.8 percent.

The same three categories of baby needs that started off 1985 with weak sales repeated the downward trend in 1986. Baby powders and infant clothes had 10 percent losses, while the baby oils, cream and lotions category took a more modest slide (-1.1 percent). The nursing supplies category continued upward, achieving a 6.9 percent gain rate.

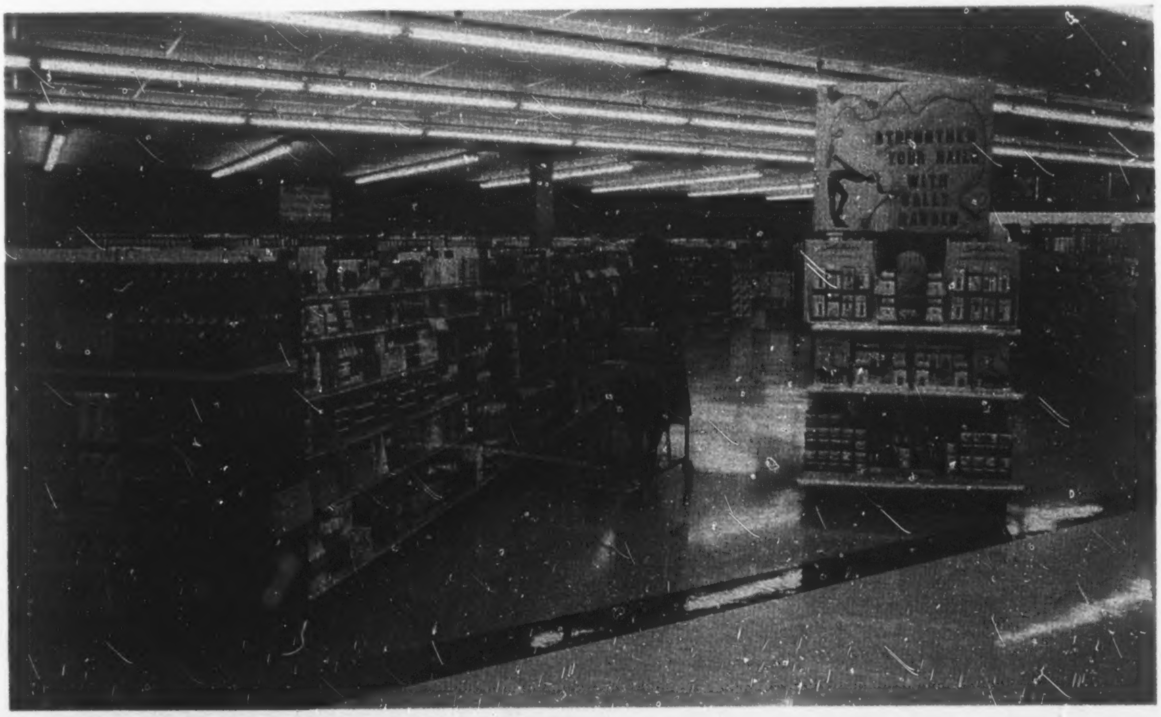
Sticks up

The 8.8 percent gain in the high-volume stick deodorant category was sufficient to carry the entire personal deodorant product group into the plus column. This gain rate was exceeded by that for foot deodorants and athlete's food remedies (+ 11.7 percent), which account for only a small portion (2.5 percent) of all total deodorant sales.

The strength of stick deodorants and antiperspirants was the primary reason for losses among spray deodorants (-4.8 percent) and roll-ons (-4.0 percent). A secondary explanation for the continuing downward trend of spray deodorants has been the failure of body sprays to gain loyal repeat customers.

Gains ranged between 1 and 2 percent for deodorant and talcum powders (+ 1.8 percent), feminine hygiene deodorants (+ 1.3 percent) and douches (+ 1.7 percent).

The first aid product group suffered a loss as a result of the 2.0 percent drop among first aid products (bandages, gauze, cotton swabs, etc.) that wiped out



HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 12/6/85	4 WEEKS ENDING 1/3/86	4 WEEKS ENDING 1/31/86
BABY NEEDS	**- 1.3%**	**+ 2.8%**	**- 0.8%**
Baby Powders	+ 3.8	+ 0.5	- 9.9
Baby Oils, Creams & Lotions	- 2.9	+ 7.3	- 1.1
Infant Clothes	- 11.6	- 8.2	- 10.0
Nursing Supplies	+ 1.0	+ 2.3	+ 6.9
DEODORANTS	**+ 2.5%**	**+ 2.4**	**+ 0.9%**
Sprays	- 3.7	- 3.9	- 4.8
Roll-Ons	- 7.6	- 2.6	- 4.0
Stick Deodorants & Pads	+ 15.5	+ 11.3	+ 8.8
Creams	- 13.7	- 13.5	- 16.5
Deodorants & Talcum Powders	+ 8.2	+ 9.1	+ 1.8
Feminine Hygiene Deodorants	- 10.2	- 4.2	+ 1.3
Foot Deodorants & Athlete's Foot Remedies	+ 1.7	+ 1.5	+ 11.7
Feminine Douches	+ 4.5	+ 4.0	+ 1.7
FIRST AID	**- 0.4%**	**+ 1.8%**	**- 1.2%**
Antiseptics	- 1.6	+ 0.4	+ 2.1
First Aid Products	- 0.1	+ 2.2	- 2.0
HAIR CARE NEEDS	**+ 3.7%**	**+ 5.3%**	**+ 3.4%**
Shampoos	+ 0.7	+ 1.9	- 0.9
Hair Sprays	+ 9.8	+ 10.8	+ 8.1
Hair Conditioning Rinses	- 0.1	+ 2.4	+ 1.2
Hair Setting Needs	+ 32.7	+ 46.7	+ 44.1
Home Permanent Kits	- 0.7	- 6.3	- 15.8
Hair Coloring	- 5.7	- 6.3	- 2.8
Hair Dressing Needs	+ 2.6	+ 2.8	+ 7.4
ORAL HYGIENE	**- 4.4%**	**- 3.1%**	**- 0.3%**
Toothpastes & Powders	- 5.3	- 2.3	+ 0.8
Mouthwashes	- 2.8	- 5.9	- 5.4
Breath Fresheners	- 13.1	- 13.2	- 4.8
Denture Cleaners	- 7.9	- 6.5	- 2.0
Denture Adhesives	- 7.6	- 4.8	- 4.8
Toothbrushes	+ 0.7	- 0.8	+ 3.6
PROPRIETARY REMEDIES	**- 3.4%**	**+ 1.7%**	**- 2.7%**
Antacids	+ 2.9	+ 3.5	+ 5.8
Internal Analgesics	- 3.3	- 2.3	- 2.9
External Analgesics	- 6.7	+ 4.8	- 0.8
Cold Tablets	- 2.3	+ 9.8	- 3.4
Nasal Sprays—Drops—Inhalers	- 8.8	- 3.8	- 6.2
Chest Rubs	- 10.8	+ 4.2	- 7.7
Cough Remedies	- 10.0	+ 0.2	- 10.3
Laxatives	- 0.9	- 1.9	- 5.9
Sleeping Aids	+ 7.8	+ 10.8	+ 11.2
Tranquilizers	- 10.9	- 10.6	- 14.9
Synthetic Vitamins	- 4.4	+ 1.3	- 0.9
Eye Care Products	+ 14.5	+ 11.1	+ 19.2
Appetite Suppressants	- 15.5	+ 7.0	+ 16.9
SHAVING NEEDS	**+ 1.4%**	**+ 3.1%**	**+ 5.5%**
Shaving Creams	+ 5.1	+ 4.7	+ 9.7
Pre-Shave Lotions	- 6.5	- 3.0	- 3.3
After-Shave Lotions	- 12.5	- 3.4	- 1.8
Razor Blades	+ 2.1	+ 3.7	+ 4.8
Razors & Blades	+ 10.4	+ 4.2	+ 1.0
SKIN CARE AIDS	**+ 0.8%**	**+ 22.3%**	**+ 8.5%**
Hand & Body Creams & Lotions	- 2.2	+ 20.4	+ 9.7
Facial Preparations	+ 20.5	+ 25.9	+ 9.0
Lip Care Products	- 2.0	+ 50.6	+ 17.0
Suntan Lotions & Oils	- 4.8	+ 3.5	+ 102.5
Cosmetic & Medicated Skin Aids	- 4.3	- 6.2	- 6.3
TOTAL ALL CATEGORIES	**- 1.1%**	**+ 2.6%**	**+ 0.4%**

the gain of 2.1 percent in the smaller volume first aid antiseptic category.

Hair care needs were in good demand overall, and the 3.4 percent gain for the product group was on top of a 5.2 percent increase in the corresponding year-ago period. However, in both the current and the year-earlier period, there were loss rates in the shampoo category, which accounts for almost half of the unit volume in the product group.

The current loss was less than 1 percent, however, or less than the 15.8 percent dip in home permanent kits or 2.8 percent for hair coloring items. Aside from the strong vitality among hair setting needs as hair styling mousses continue to forge ahead, hair sprays also contributed strong sales performance (+8.1 percent), along with hair dressing needs (+7.4 percent). Hair conditioning rinses were 1.2 percent ahead of the level a year ago, about the same growth rate as the 1.1 percent registered on a 12-week basis.

In January, the oral hygiene product categories recovered from their earlier sales weakness. In the preceding four-week period, all six categories showed loss rates. In the current period, gains were enjoyed among toothpastes and powders (+0.8 percent) and toothbrushes (+3.6 percent).

A decline in dentures

The loss rates among mouthwash (-5.4 percent), breath fresheners (-4.8 percent) and denture cleaners (-2.0 percent), although still in the loss column, were less pronounced than the declines registered in the preceding period. Denture adhesives (-4.8 percent) declined at the same rate as in the preceding period, but the decline was lower than the 5.7 percent drop seen over the 12-week interval.

SAMI tracks product movement in 13 categories of proprietary remedies. During the 28 days that ended Jan. 31, nine categories had loss rates, and only four showed sales improvement over a year ago. All of the categories associated with coughs, colds and flu were weak compared with last year's sales performance. It should be remembered, however, that January 1985 was a dynamic growth period for all of these allied categories, suggesting that consumers were in better shape in 1986 than early last year.

In addition to the four cold remedy categories, there was also a decline (-2.9 percent) in the related internal analgesics category, and a loss of 5.9 percent for laxatives and stool softeners. Synthetic vitamin movement in food stores was less than 1 percent behind levels a year ago.

Giving the go-ahead

The go-ahead categories in the proprietary remedy product group were eye care products (+19.2 percent), appetite suppressants (+16.9 percent) and sleeping aids (+11.2 percent), all with double-digit gain rates. Antacids rose 5.8 percent, a higher rate of gain than that in the 12-week period (4.1 percent), and on top of an increase of 2.4 percent last year in the January period.

The losses in the shaving needs product group befell the two lotion categories—preshave, down 3.3 percent, and after-shave, off 1.8 percent. Shaving creams moved forward 9.7 percent, but this strong performance was vis-a-vis a 10.7 percent decline last year, and the current unit total, although higher than a year ago, is below the 1984 level of nearly 5 million units.

Razor blade volume advanced 4.8 percent, and razor sets gained 1 percent. Disposables continue to account for a high proportion of the shaving item upsurge.

Healthy skin

The skin care aids product group had strong sales vitality, although not equal to the 22.3 percent upsurge of the final SAMI reporting in 1985. Disregarding the more than double volume for suntan products in the winter hiatus period, the best gain rates were in the lip care products (+17.0 percent), hand and body cream-lotions (+9.7 percent) and facial preparation (+9.0 percent) categories.

The increase for lip care products was on top of a gain of 9.7 percent in the corresponding year-ago period over 1984. The only loss was a third consecutive period decline for cosmetic and medicated skin aids (-6.3 percent).

Looking ahead to February sales results, two factors may have played a major role in the trending. In the aftermath of the Tylenol poisoning tragedy, there may well be repercussions in the proprietary remedy product group. Countering this, some improvement in the sales of cold and flu remedies may have resulted from a mild flu epidemic that hit many areas of the country during February. ■

SUPERMARKET BUSINESS

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OF TWO PARTS

VOLUME 41/NUMBER 5
MAY 1986

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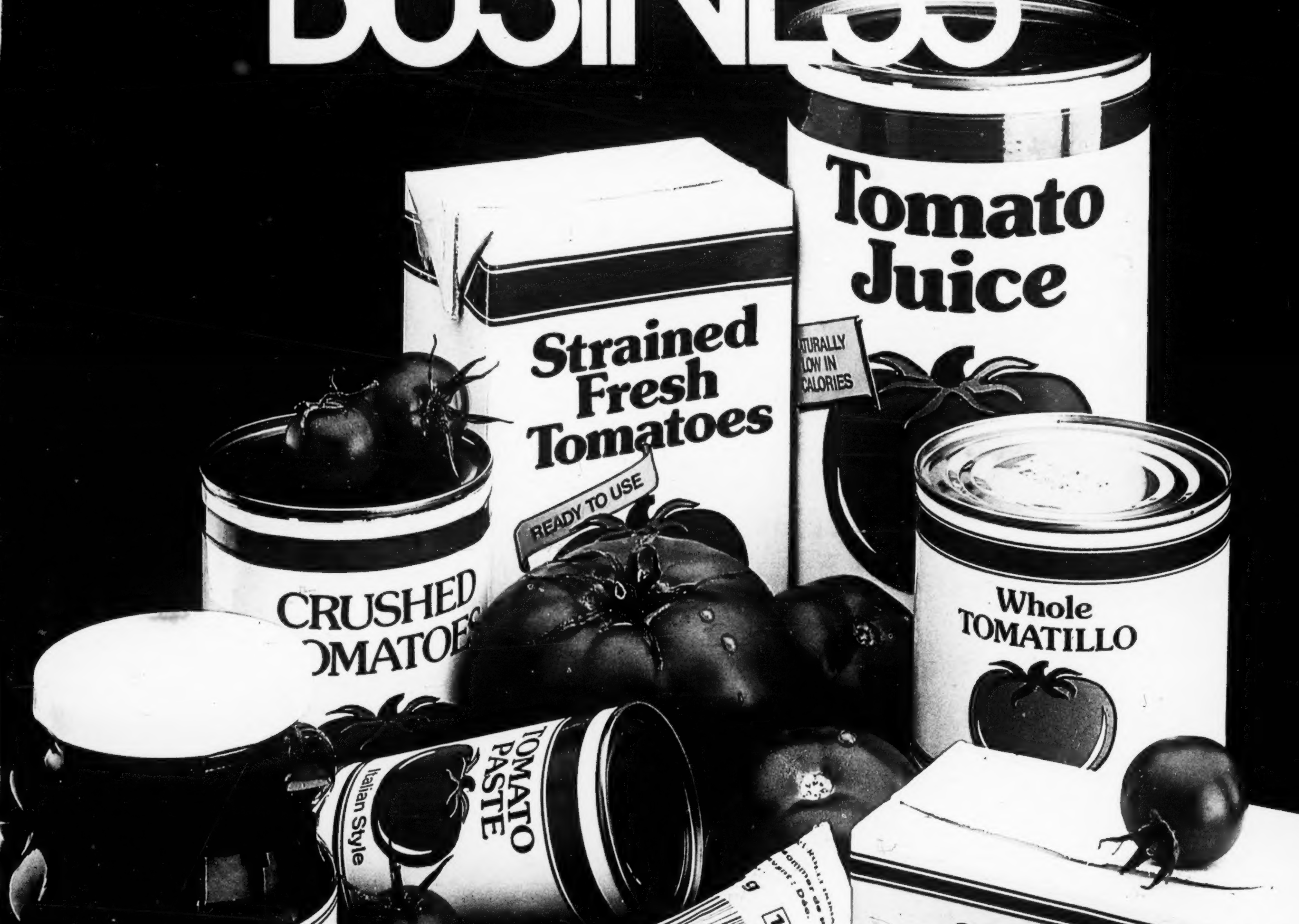
NONFOODS BUSINESS
In Selected Editions Only


Tomato
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NATURALLY
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Italian Style
Sun-Dried
Tomatoes
140 ml
DOUBLE
CONCENTRÉ
DE TOMATE
TOMATO PASTE
STRAINED
FRESH TOMATOES
all
natural

INNOVATIONS

New Products • New Packages • New Formulations

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BPA ABP Association Of Business Publishers, Inc.

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In the past few years, the supermarket industry—and the consumer—has been flooded with new products. A survey of retailers and wholesalers points up some significant trends

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When The Real Superstore opened up late last year, it stirred up the murky supermarket waters of Lafayette, La. But the locals reacted with Cajun competitiveness to hold their own.

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The diagonal arrangement of the gondolas at Perlmutter's Super ShopRite in Manahawkin, N.J., keeps customers moving around the store. And they spend more per transaction, too.

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This Foodtown in Oyster Bay, N.Y., also has diagonally-placed gondolas, but on a small scale.

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South Pasadena's Bristol Farms uses food boutiques, located within the supermarket, to make shopping more satisfying.

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One of the most successful new products in years is being credited with offsetting wine consumption declines.

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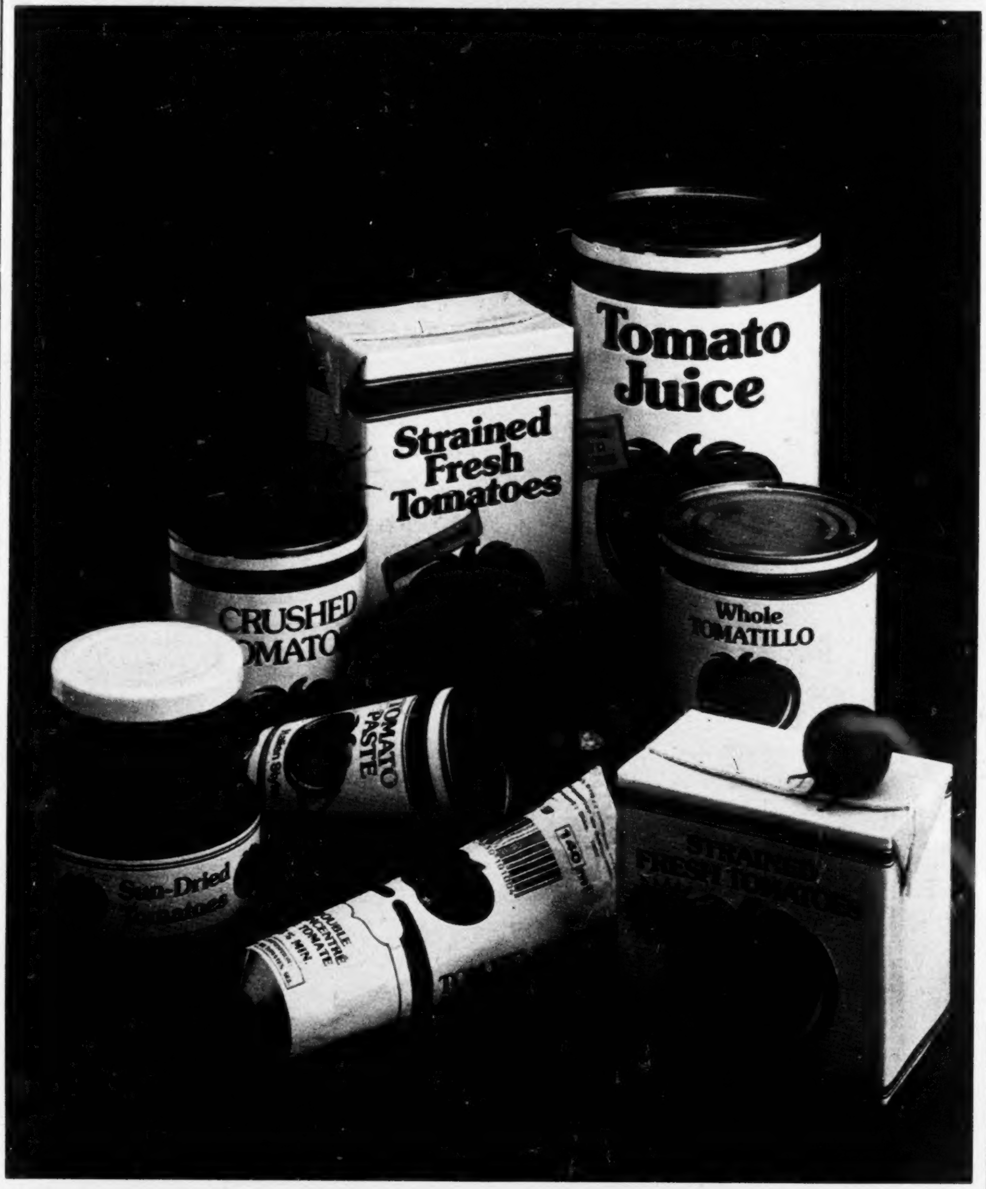
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Strained Fresh Tomatoes
CRUSHED TOMATO
Whole TOMATILLO
TOMATO PASTE
Sun-Dried Tomatoes
STRAINED FRESH TOMATOES

INNOVATION

NEW PRODUCTS, NEW PACKAGES, NEW FORMULATIONS

A STAFF REPORT

Today's shoppers are bombarded by the new and improved. But how much is truly new, and how much is improved? In the past few years, the supermarket industry has seen a flood of new products, but only a trickle of truly new ideas. The few radical breakthroughs in packaging or products—aseptics and microwave-ready frozen foods, to name two—have led to an enormous amount of product introductions.

This is an age of convenience. It's also an age of product tampering. It's an age of "lite" cuisine, and an age of upmarket ice creams. It's an age of home-cooking and microwave ready entrees. It's an age of more frozens and more fresh and more fast foods.

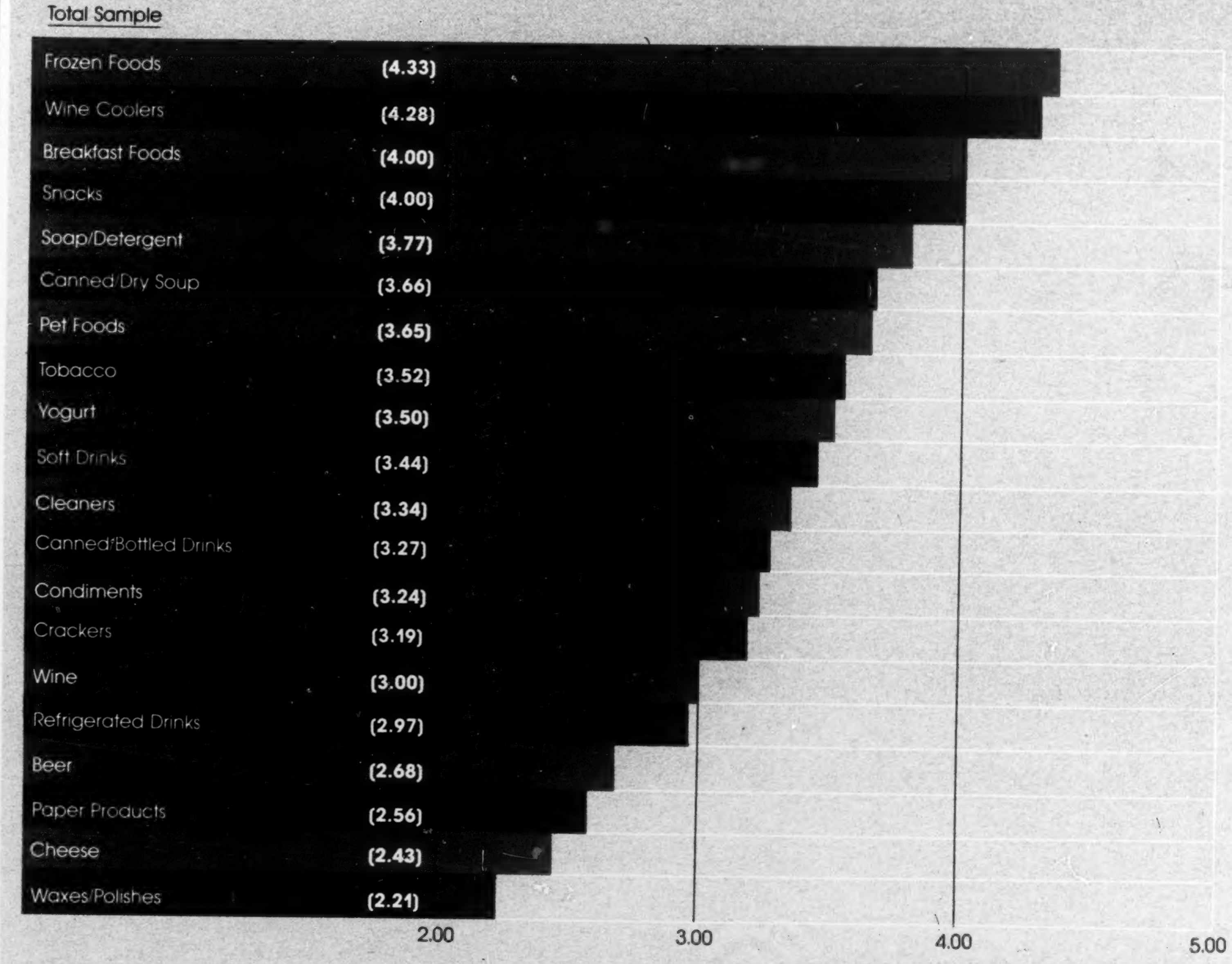
The supermarket retailer has, naturally, been both burdened and buoyed by this. Sales in certain categories—frozens, for instance—have increased tremen-

SOME NOTABLE NEW PRODUCTS

POP SECRET
BUTTERED
Coca-Cola CLASSIC

Food and Grocery

Ranked Ratings of Amount of New Products in each Category (1-few, 5-many)



Frozen foods, because of the increased use of microwaves, and the growing number of single-serving and "lean" entrees, led the pack with most entries. Wine coolers, new to the national scene, boosted wine sales throughout the nation. Retailers have also seen a great surge in breakfast foods, which have taken off after years of sluggish sales.

dously. But shelf and freezer space remain at a premium. Room cannot be found for every new product that comes down the pike, and space must be reserved for the great success stories. In addition, some new products take sales away from other products and do not necessarily create additional sales for the category: a familiar story. In an attempt to put today's product/packaging scenario into perspective, SUPERMARKET BUSINESS surveyed consumers, retailers and wholesalers. We also spoke with package designers and manufacturers, to get their feelings on today's changes.

Retailers and wholesalers were asked to give us their opinions on the following:

☐ What the major new categories are.

☐ How these categories and products have performed in the supermarket.

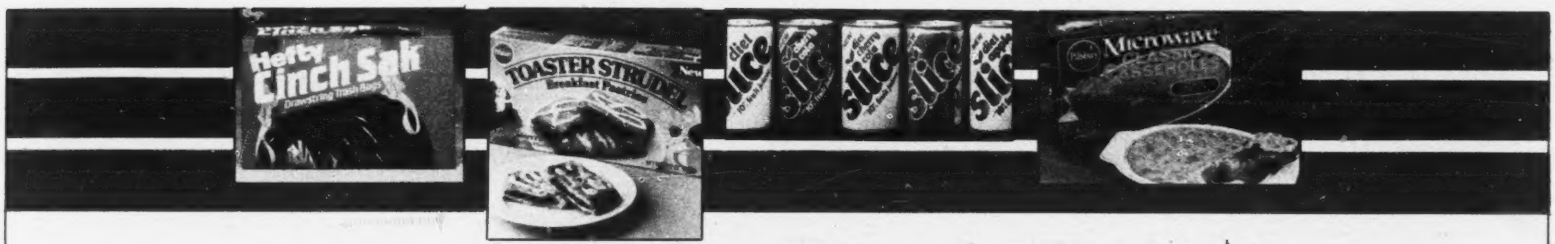
☐ What impact they have had on the rest of the category (in terms of shelf space, sales strength, whether they helped or hindered the category).

☐ What impact the products had on business operations and manufacturer support (in terms of sufficient advertising and promotion, and display help).

☐ Kinds of packaging.

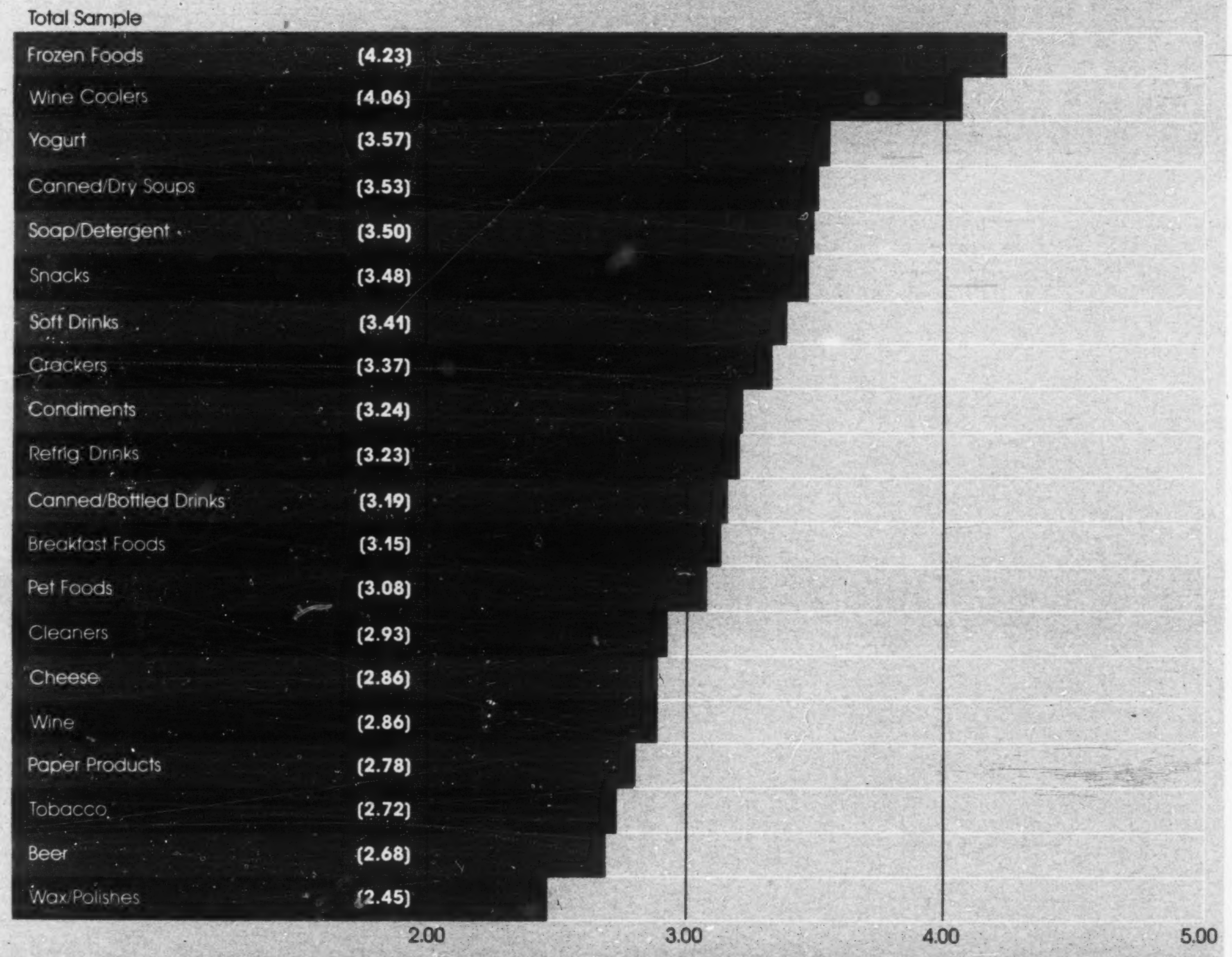
Continued on page 42

SOME NOTABLE NEW PRODUCTS



Food & Grocery

Ranked Ratings of Effect of New Products on Categories (1-weakened, 5-strengthened)



Frozen foods dominated the new product list, and also strengthened category sales substantially. Yogurt continues to do well, and its repackaging in smaller, snack-size containers has helped sales. The new entries in soups, such as Campbell's dried soup line, brought new attention to the category.

Continued from page 41

☐ Whether they felt a need for new display methods.

☐ The product's effect on the whole category.

Overall, SUPERMARKET BUSINESS wanted to know what makes a successful product and how new products affect the way each sample group does business. A breakout on the major findings appears on this and the following pages. Here is a summary of the results.

Most retailers accepted over 150 new products last year (not including GM/HBA products), according to SB survey results. Most of the retailers surveyed do not believe that the majority of these new items are indeed new, but merely line extensions or "me-too" products. More chain-based retailers and wholesalers accepted new products than did independent retailers. Perhaps because independents limited their acceptance of new products, a larger percentage of independents than chain retailers and wholesalers considered the products they accepted to be truly new.

The most frequently mentioned recent packaging innovations are aseptic packages (especially for drinks), squeeze bottles for ketchup and jellies, and down-sizing of packages (especially for detergents and pet foods). Frozen foods and wine coolers led everyone's list as the two categories with the most new products. Breakfast foods are also a hot category.

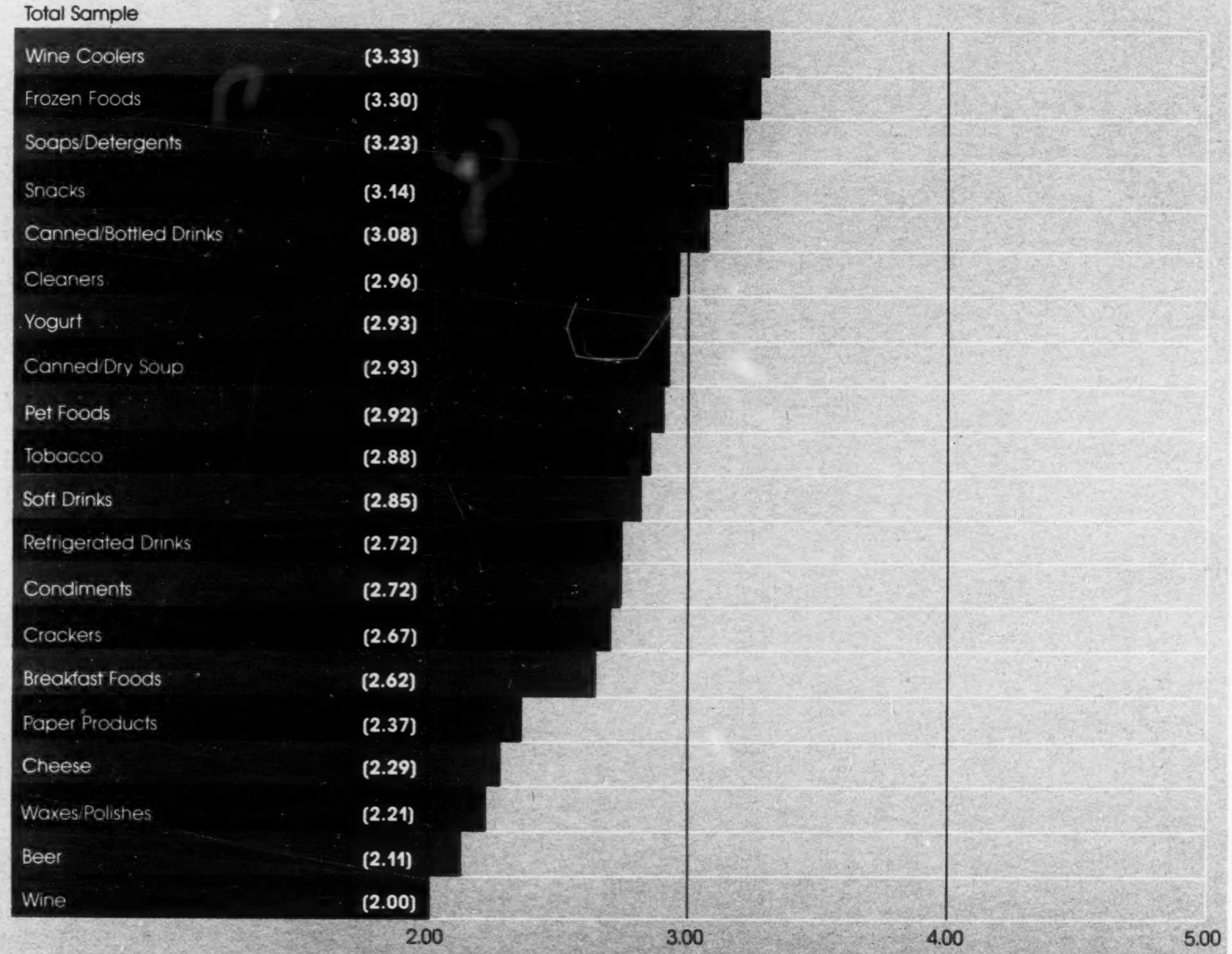
Continued on page 44

SOME NOTABLE NEW PRODUCTS

Campbell's
Campbell's
Chicken Noodle
Onion
Ice Teasers
Ice Teasers
Ice Teasers
Ice Teasers

Food and Grocery

Ranked Ratings of Packaging Changes within Categories (1-few, 5-many)



Because of their relative newness to the national scene, wine coolers dominate the packaging changes. But frozen foods, whose packaging is continually being redeveloped, are also high on the list. New formulations and packaging in soaps and detergents, such as Liquid Tide, led to a lot of developments in this category.

Continued from page 42

When a new product is introduced at a supermarket, the biggest effect is an increase in sales for that particular category, according to three-fourths of survey respondents. More than half of those surveyed also said that another product or slot is dropped, general buyer interest or sales are increased and shelf space is increased for the whole category.

Wholesalers feel that they have significant initial outlays for overhead systems when a new product is accepted. For retail chains, the most frequently mentioned operation effect of a new product is increased general sales (chains are also the only group that worry significantly about new display formats). Independent retailers are more likely than wholesalers and chains to drop another product when a new product is added.

Most of those surveyed feel that manufacturers are generally supportive in terms of financial help for promotions and advertising, when a new product is introduced. Manufacturers are considered generally unsupportive when it comes to helping to ease warehouse and shelf-space problems, and in helping with initial overhead expenses.

Wholesalers and retail chains feel that manufacturers could provide more help in getting ride of some of the older products faster,

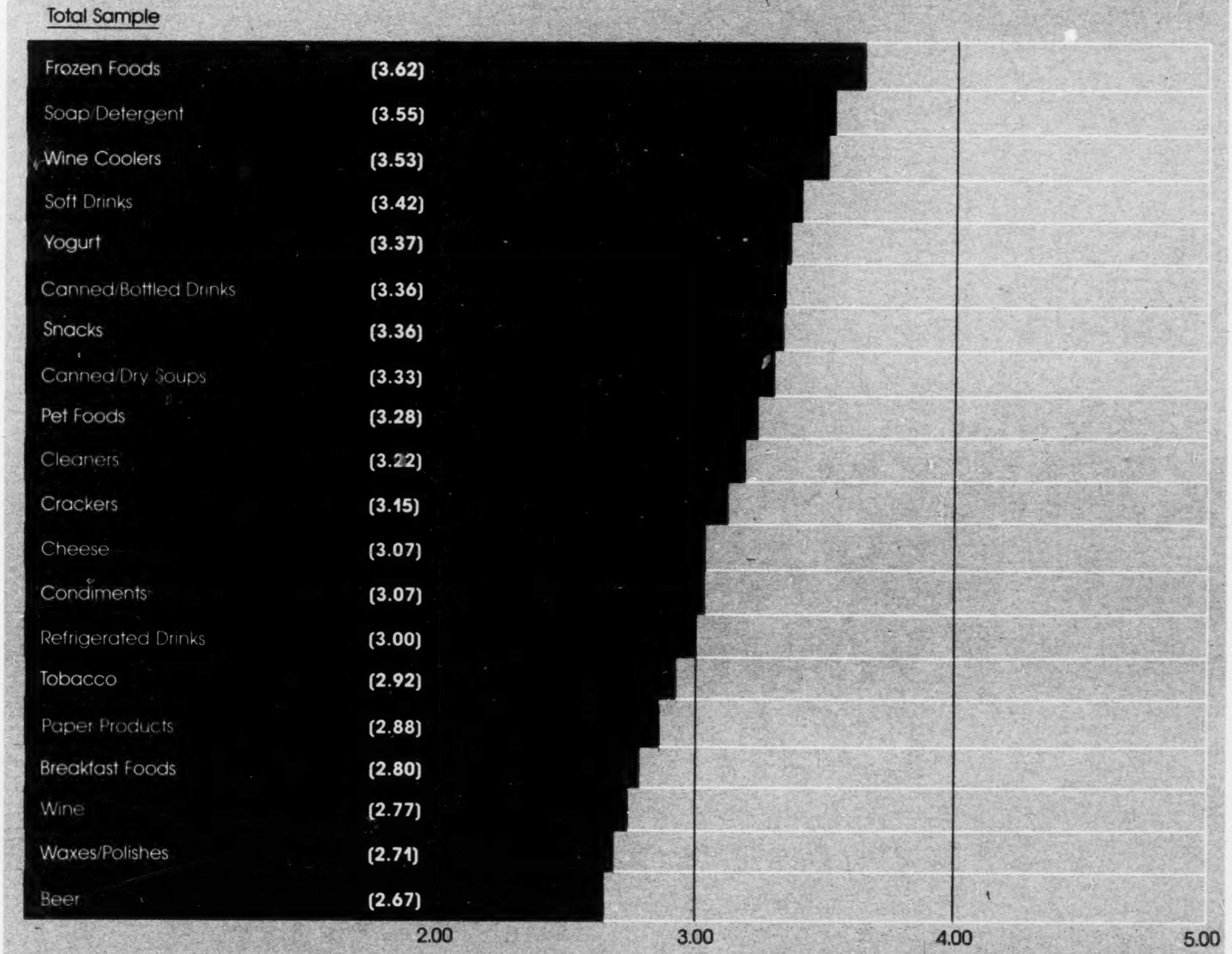
Continued on page 47

SOME NOTABLE NEW PRODUCTS

Chewy Chips Ahoy!
Hungry Jack Pan-shakes
just add water to carton
Surf
Surf
Surf
Electrasol

Food & Grocery

Ranked Ratings of the Effects of Packaging Changes on Categories (1-hurt, 5-helped)



Major packaging changes for frozen foods included the use of microwavable plastic trays, replacing foil ones. For soaps and detergents, down-sizing of the products was a boon to sales, retailers feel.

Continued from page 44

and with some additional money for stocking and promotion. They also call for more in-depth information on how the product fits into the category. Independents, on the other hand, seem just to want more information. They want to see more sales representatives, and they want to be made more aware of new products before the manufacturer starts advertising or couponing the items.

One wholesaler said, "When extending a product line, manufacturers should do much more to help a warehouse discontinue slow items in the line." Another wholesaler asked for more input from manufacturers. "We need more reassurance that the product will sell," the wholesaler said. "Statistics are fine, but mean nothing in different markets. What sells in Minneapolis doesn't have to sell in Denver. Manufacturers should bring actual evidence into the market to show the product will move—not just for the chains, but for the wholesaler and independent owners as well."

Most packaging designers and manufacturers with whom SUPERMARKET BUSINESS spoke agree on the significant new products of the past year or so. "There's been a shift in consumer priorities," says Martin Friedman, a marketing consultant. "A few years ago, everything was health-oriented, but now it's quality and taste

Continued on page 110

NonFoods BUSINESS

INNOVATIONS IN GM/HBA PRODUCTS AND PACKAGING 5B
A STAFF REPORT

Supermarket retailers accepted over 100 new GM/HBA products last year. The innovations were mainly in such areas as pump toothpastes, tamper-proof packages, high-fiber diet aids and hair care products. This survey reveals how wholesalers and retailers feel about new products and packaging in the nonfoods area.

IN CHICAGO, SMALL ENTREPRENEURS ENTER THE HOUSEWARES ZONE/KEVIN COUPE 21B

The 84th semi-annual International Housewares Exposition was a study in glitz. But amid the flashy booths could be found numerous small businessmen struggling to be noticed.

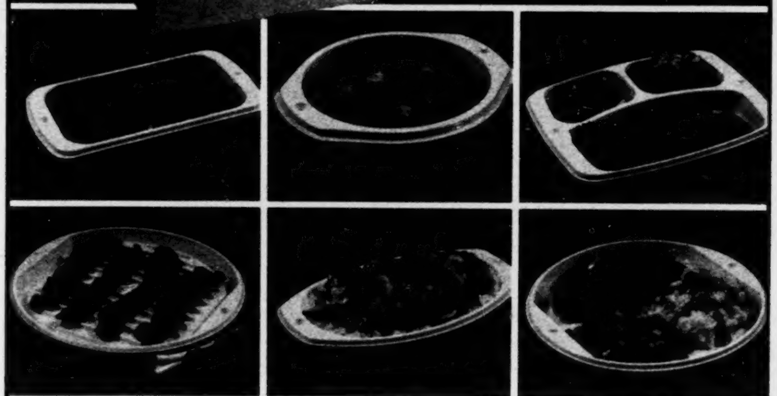
SAMI UPDATE: HBA PRODUCT CATEGORIES REFLECT LITTLE CHANGE FROM YEAR AGO/ALAN MILLER JR. 33B

February's HBA food store volume barely topped the level of a year ago, as cough and cold remedies faltered. Skin care aids also lost momentum compared with last year.

NEW PRODUCTS 38B, 40B, 42B

AD INDEX 46B

REUSEABLE DISPOSABLES MICROWAVE And Conventional Ovens
NEW SPACE-AGE MATERIAL



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- Freezer safe (tested to -40°F/-40°C).
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The 60 piece pre-pack display offers an assortment of Reuseable Disposables. The 4-color packaging and header card graphically illustrate suggested usages and empahsize the products' versatility. This display is certain to be a successful traffic builder.

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INNOVATION

NEW PRODUCTS, NEW PACKAGES, NEW FORMULATIONS

A STAFF REPORT

If a manufacturer developed a high-fiber, tamper-resistant pump toothpaste that also doubles as a mousse, he'd make a fortune. That is, if he could get shelf space at the supermarket. Supermarket retailers accepted over 100 new general merchandise and health and beauty aids products last year, according to a survey conducted by NONFOODS BUSINESS. The biggest developments were in fiber-rich diet products, pump toothpastes, shampoos and mousses and tamper-resistant over-the-counter medications.

For the survey, retailers and wholesalers were asked to comment on the following:

☐ What the major categories are.

☐ How these categories and products performed in the supermarket.

☐ What effect the products had on the rest of the category (in terms of shelf space, sales strength, whether they helped or hindered the category).

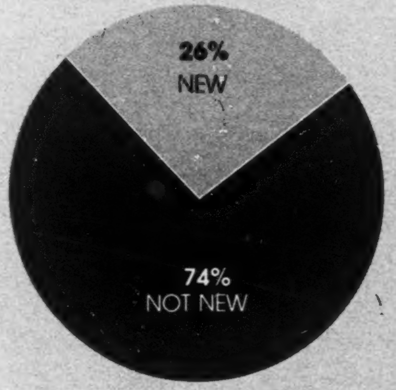
☐ Packaging changes.

☐ Whether they saw a need for new display methods.

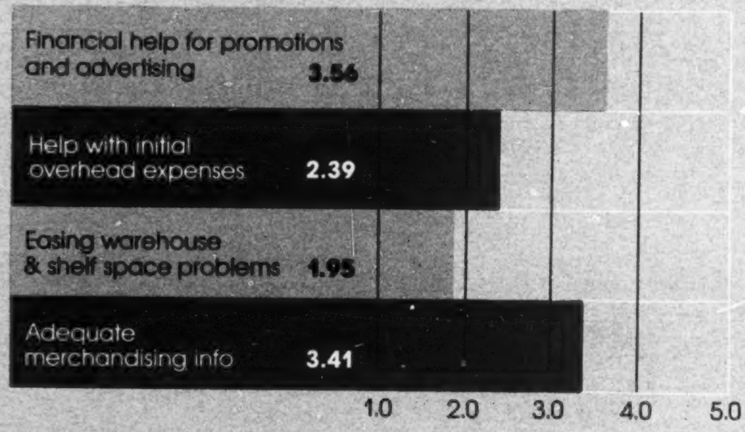
NONFOODS BUSINESS wanted to know, overall, what makes a successful product in GM/HBA, and how these new products affect the way a sample group does business. A breakout appears on *page 8B, 17B*

HBA & GM

Percentage of those products that were truly new . . . .

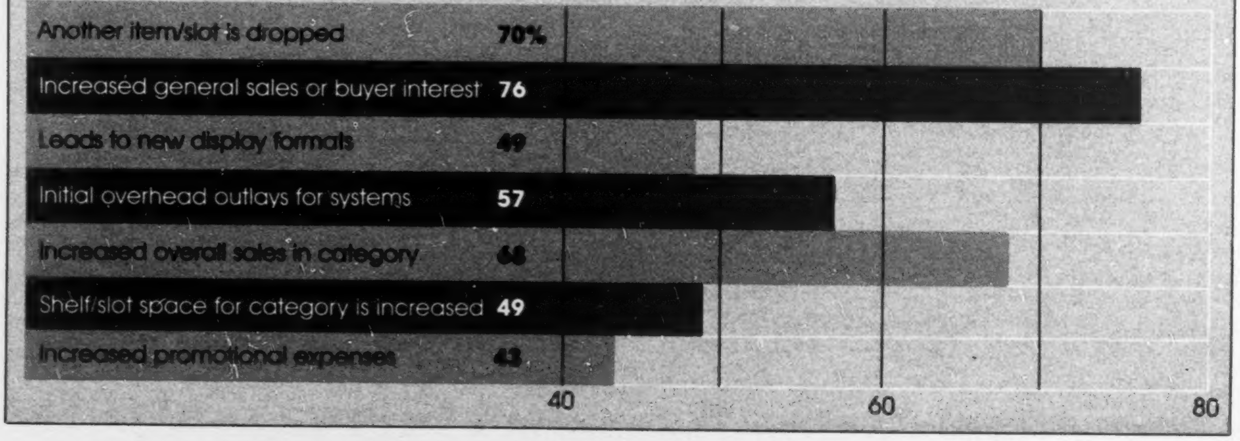


Ratings of manufacturers support: 1-poor, 5-good



Retailers don't consider most new GM/HBA products to be new, but line extensions, as the pie chart above shows. Survey respondents feel that manufacturers provide adequate financial help for advertising and promos, and good merchandising info, as seen in the above chart. Wholesalers especially feel a lack of support for space problems, and independents called for more help with initial overhead costs. For most survey respondents, another slot or item is dropped when a new product is accepted, seen in the chart below. Independents, more than chains or wholesalers, tend to increase category space.

Effects on your operations when you accept a new item:



SOME NOTABLE NEW PRODUCTS

TYLENOL
EXTRA-STRENGTH TYLENOL CAPLETS
NEW
BLACK FLAG Roach ENDER
ACTIFED
NEW! COMBAT Roach Control System For Large Roaches

and the following pages. Here is a summary of the results.

While the majority of wholesalers and retail chains accepted more than 100 new items, independents tended to accept fewer. Most independents, according to the survey, accepted more than 50 items. As with the findings on new products in the food and dry grocery-nonfoods area (see this month's cover story on packaging and product innovations in SUPERMARKET BUSINESS, p. 39), most of the items are considered line extensions or "me-too" products, with about a quarter of new products considered truly new.

Most survey respondents said that when they accepted a new product, the result was increased general sales or consumer interest. For many retailers, another product or slot is dropped. And sales increase overall.

Increasing shelf space for the category is not a frequent operation effect, especially for wholesalers and retail chains. This is one instance where operational effects of GM/HBA products differ substantially from those of food and grocery, where retail chains and wholesalers were more likely to increase shelf space than to drop products. Independents, on the other hand, are almost as likely to increase space for a GM/HBA product as they are to drop another product. This is the opposite of what was found for food and grocery.

When wholesalers accept a new product, initial overhead outlays and increased general buyer interest are the two most likely effects. When retail chains accept a new GM/HBA product, they usually get increased general sales and increased category sales. Increasing the shelf space for the whole category is the least likely effect of accepting a new product.

When independents accept a new product, they most likely drop another product. They are least likely to increase promotional expenses.

Continued on page 18B

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Liberty Packs

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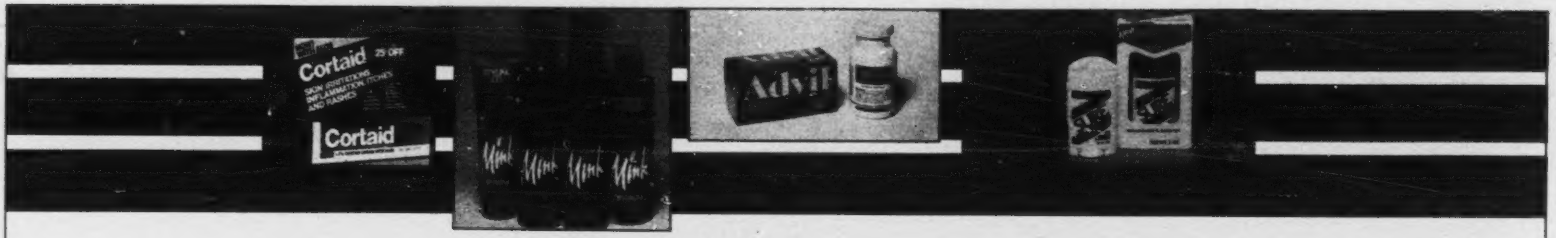
Join Us...
Keep The Torch Lit®

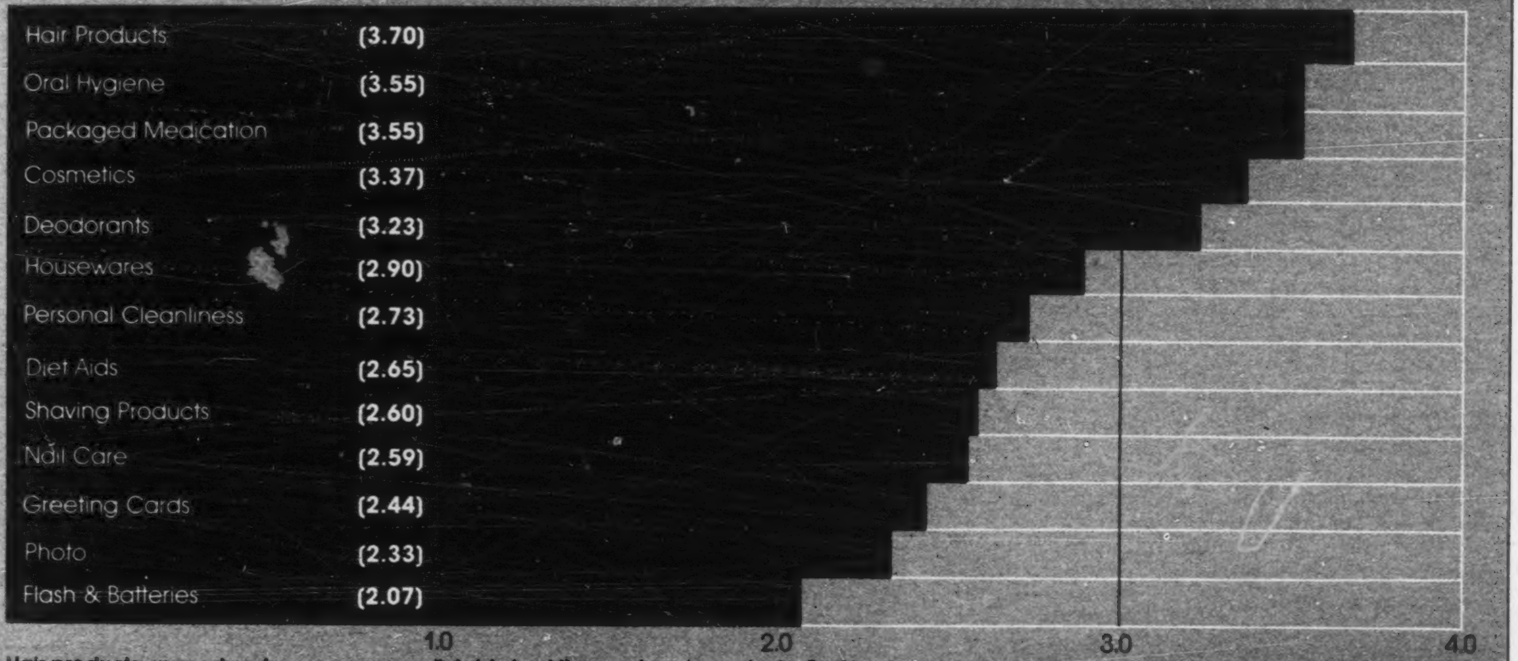
SOME NOTABLE NEW PRODUCTS


Cortaid
25¢ OFF
SKIN IRRITATIONS INFLAMMATION, ITCHES AND RASHES
Cortaid
Mink
Advil

HBA & GM

Ranked Ratings of Amount of New Products in Categories (1-few, 5-many)

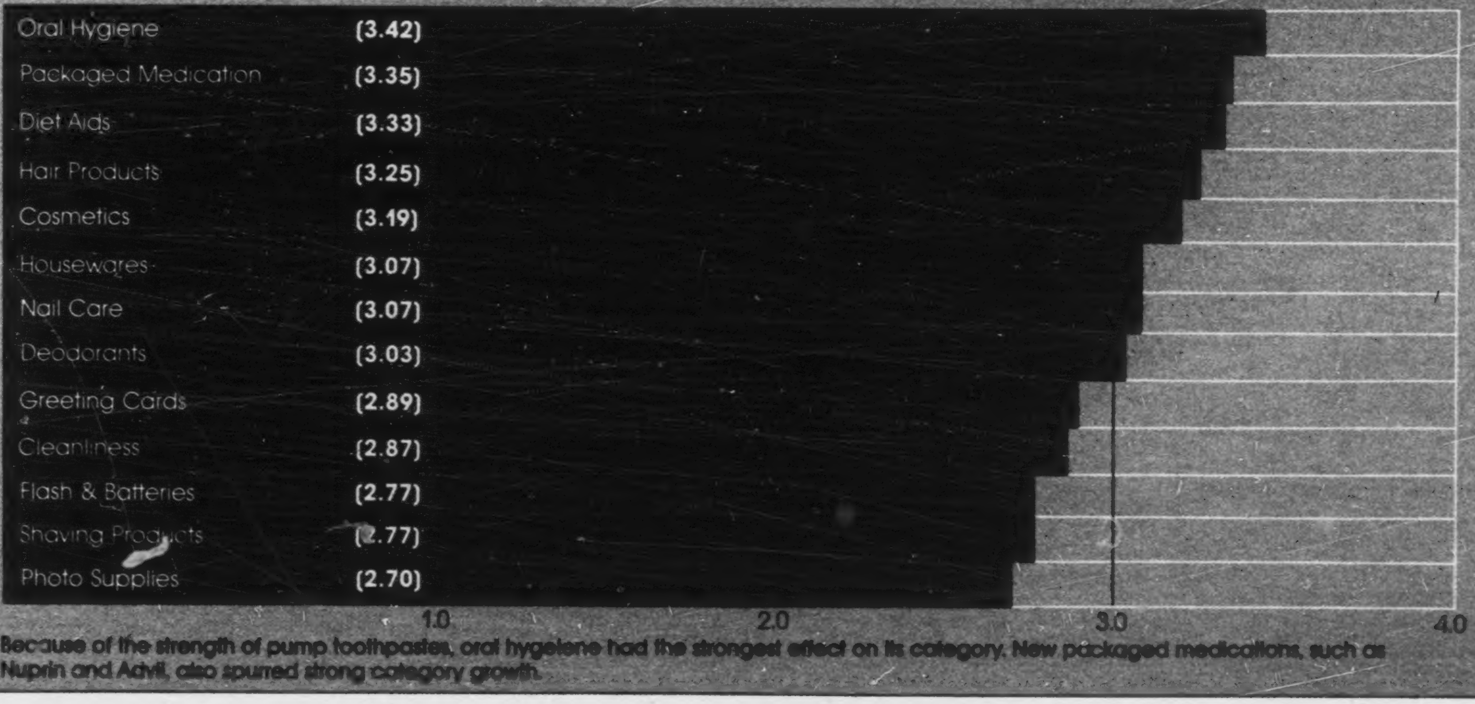
Total Sample



Hair products, spurred on by mousses, predictably had the most new products. Oral hygiene products, because of the proliferation of pump toothpastes and tartar-control formulas, also had strong growth.

Ranked Ratings of Effects of New Products on Categories (1-weakened, 5-strengthened)

Total Sample



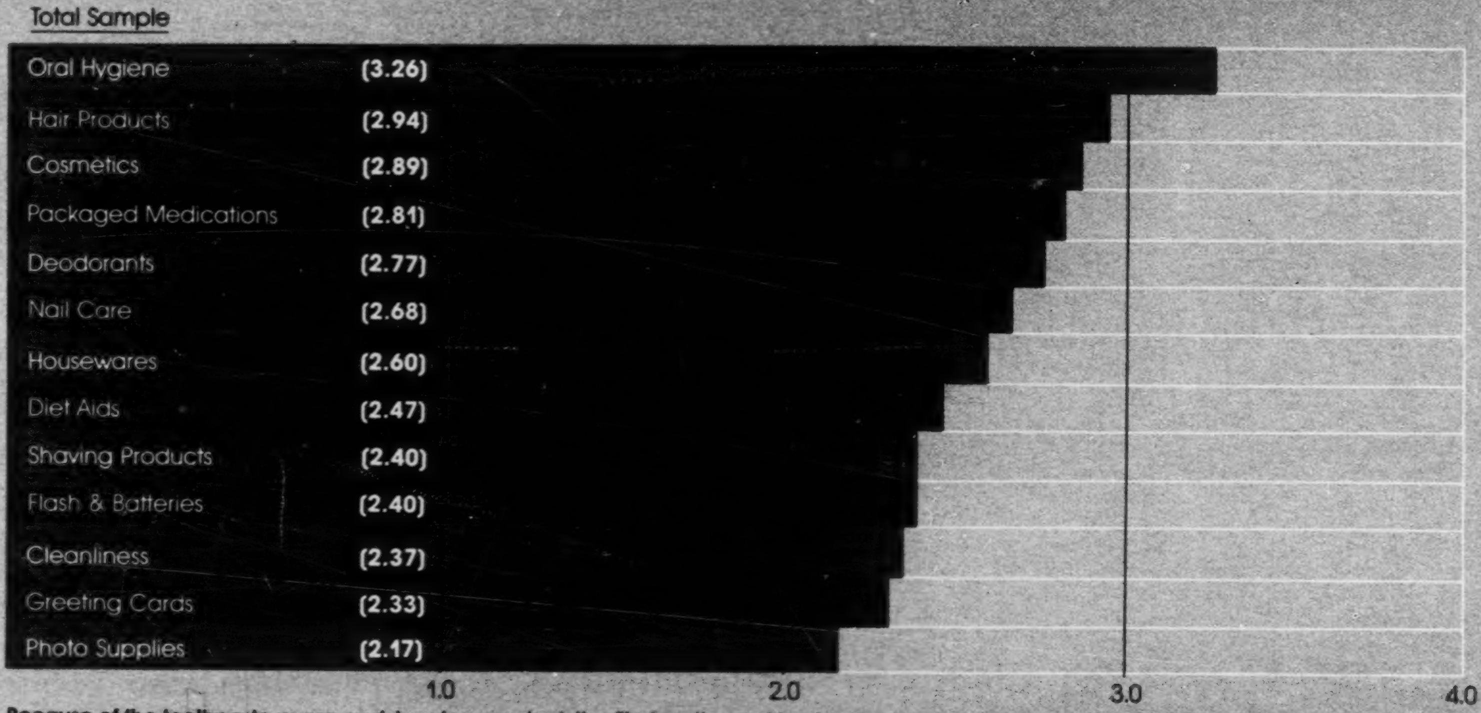
Because of the strength of pump toothpastes, oral hygelene had the strongest effect on its category. New packaged medications, such as Nuprin and Advil, also spurred strong category growth.

SOME NOTABLE NEW PRODUCTS

Sudafed
Vaseline Lip Therapy
Colgate
FIBRE TRIM

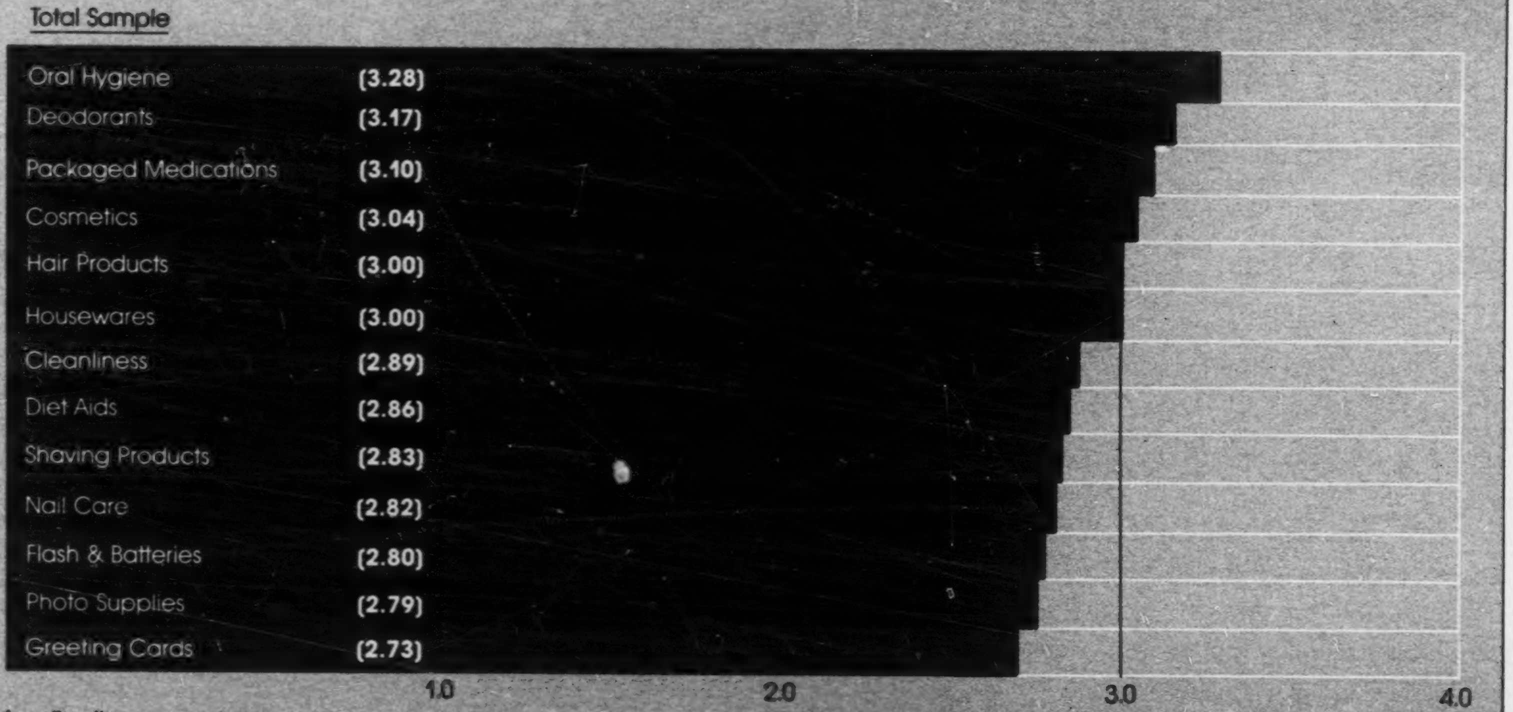
HBA & GM

Ranked Ratings of Amount of New Packaging on Category (1-few, 5-many)



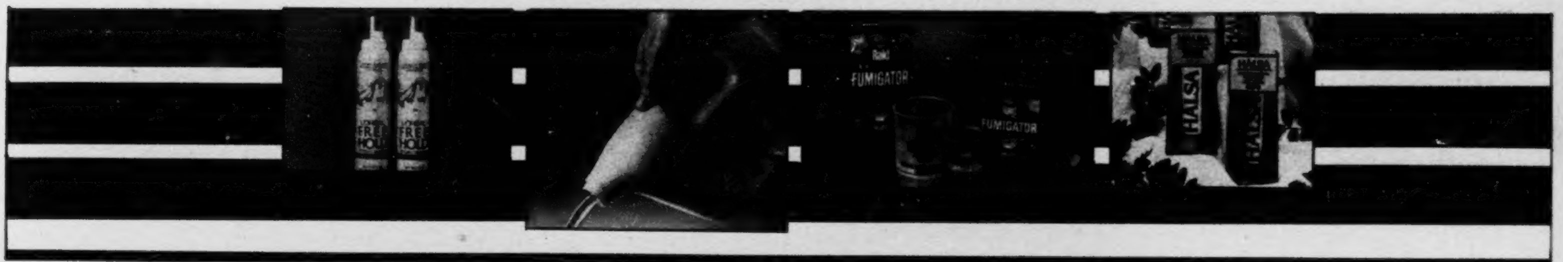
Because of the toothpaste pump and, to a lesser extent, the flip top, the oral hygiene category saw most movement in packaging. Hair products, with mousse dispensers, also saw new developments.

Ranked Ratings of Effects of New Packaging on Categories (1-hurt, 5-helped)



Leading the way again is the oral hygiene category. The pump proved a winner with consumers.

SOME NOTABLE NEW PRODUCTS



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Trident
Clorets
Benadryl
Sinutab
CERTS

The Consumer Health Products Group is in the midst of an aggressive new product development program featuring the OTC line of Parke-Davis.

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WARNER LAMBERT

Continued from page 7B

One retailer said that the amount of new products was confusing. An area of concern is "category fragmentation and product duplication," he said. "This continues to be a major problem, especially in the hair care and oral hygiene categories. Very little is really 'new.'"

Survey respondents said that the categories most strengthened by the introduction of new products are oral hygiene, due to the tartar control toothpastes and pump toothpastes, and hair care products, due to the new shampoos and mousses. Retailers didn't feel that any category was particularly weakened last year by the introduction of new products. Also mentioned were cosmetics and diet aids. Diet aids is surprising here, because it was not rated as having a lot of new products. The products it had in 1985, however, did strengthen the category as a whole.

Among the products that retailers singled out as the most innovative were Crest Tartar-Control toothpaste, Colgate's pump toothpaste, Ivory Shampoo and Tylenol caplets. Others mentioned convenience travel packs, such as Chesebrough Ponds' Lip Therapy, Vaseline Intensive Care tubes, and daily vitamin packets.

The toothpaste pump was one of the packaging innovations most cited by survey respondents. Also cited were tamper-proof packages and the increase in blister-packs.

"Pump toothpaste certainly expanded the amount of space in the toothpaste category," said one wholesaler, "but it didn't affect sales in proportion to space allocation. It diluted sales."

"Whether pump toothpaste is really better or not, it seems less messy to the consumer," said Dick Gerstman, principal and managing partner of Gerstman + Meyers Inc., a New York City-based package design firm. "The package has become the product to a certain extent. When the pump came out, you can just imagine how the tube people felt. Of course, recently,

Continued on page 44B

SAMI UPDATE

HBA Product Categories Reflect Little Change from Year Ago

BY ALAN MILLER JR.

February HBA food store volume barely tops year-ago level as cough and cold remedies falter; skin care aids lose momentum versus strong period in 1985.

During the 28-day reporting period ended Feb. 28, 1986, food store unit sales for all 50 HBA product categories tracked by SAMI rose a scant 0.9 percent over the corresponding year-ago level, which was only 1.4 percent higher than the same period in 1984. The small gain nevertheless exceeded the 0.4 percent in the preceding period ended Jan. 31, 1986.

The lackluster showing was not significantly related to the aftermath of the new Tylenol (and other capsule) poisoning scare; unit movement of internal analgesics was down a mere 0.3 percent, which actually represents an improvement over the 2.9 percent loss rate recorded in the January pre-Tylenol poisoning period. The only product department to show a poor trend in February was frozen foods, which declined 2.5 percent in pounds.

The strongest performance was among refrigerated foods, which gained 4.8 percent on a poundage basis. Dry grocery: nonfood categories chalked up a gain of 3.0 percent in units, the strongest showing for these products in several months. The gain for dry grocery: food poundage was 1.0 percent, just ahead of the unit sales gain for HBA products. By product group, gains and losses were evenly split, with four increases and four declines. The highest gain rate was 3.6 percent for hair care needs, while the highest loss rate was a 1.9 percent dip for baby needs.

Hair care products gain

On a product category basis, the four-week losses outweighed the gains 28 to 22, compared with the preceding period's 24 gains and 26 losses. The highest gains were in hair care needs: 24.3 percent for hair setting needs, which showed a decline in units amounting to 18.7 percent, vis-a-vis the corresponding year-ago period for home permanent kits, which have been trending downward for several periods and now show an annual decline of 8.5 percent.

Baby needs, as a product group, suffered a four-week decline of 1.9 percent, an increase over the 0.8 percent loss in the preceding period. The infant clothes category continues its losses, and the 5.6 percent decline for baby oils, creams and lotions is somewhat higher than the 1.1 percent falloff in the January reporting period. Baby powders, however, returned to the plus side of the ledger with a 1.5 percent gain, in contrast with a negative trend of 2.9 percent for the entire 12-week period. Nursing supplies were once again on the ascendant.

Of the eight personal deodorant product categories measured by SAMI, gains and losses were evenly split. The gains were in deodorant and talcum powder (+14.9 percent), stick deodorants and pads (+9.9 percent), foot deodorants and athlete's foot remedies (+7.1 percent) and feminine douches (+3.0 percent). Losses befell cream deodorants (−17.5 percent), roll-ons (−8.1 percent), sprays (2.2 percent) and feminine hygiene deodorants. The upward thrust among stick deodorants, the highest-volume deodorant category, resulted in a 1.2 percent gain rate for all of these categories combined.

In the preceding period,

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	4 WEEKS ENDING 1/3/86	4 WEEKS ENDING 1/31/86	4 WEEKS ENDING 2/28/86
BABY NEEDS	+ 2.8%	− 0.8%	− 1.9%
Baby Powders	+ 0.5	− 9.9	+ 1.5
Baby Oils, Creams & Lotions	+ 7.3	− 1.1	− 5.6
Infant Clothes	− 8.2	− 10.0	−10.7
Nursing Supplies	+ 2.3	+ 6.9	+ 3.7
DEODORANTS	+ 2.4	+ 0.9%	+ 1.2%
Sprays	− 3.9	− 4.8	− 2.2
Roll-Ons	− 2.6	− 4.0	− 8.1
Stick Deodorants & Pads	+11.3	+ 8.8	+ 9.9
Creams	−13.5	− 16.5	−17.5
Deodorants & Talcum Powders	+ 9.1	+ 1.8	+14.9
Feminine Hygiene Deodorants	− 4.2	+ 1.3	− 1.4
Foot Deodorants & Athlete's Foot Remedies	+ 1.5	+ 11.7	+ 7.1
Feminine Douches	+ 4.0	+ 1.7	+ 3.0
FIRST AID	+ 1.8%	− 1.2%	+ 1.8%
Antiseptics	+ 0.4	+ 2.1	− 1.7
First Aid Products	+ 2.2	− 2.0	+ 2.7
HAIR CARE NEEDS	+ 5.3%	+ 3.4%	+ 3.6%
Shampoos	+ 1.9	− 0.9	− 1.9
Hair Sprays	+10.8	+ 8.1	+20.2
Hair Conditioning Rinses	+ 2.4	+ 1.2	− 2.9
Hair Setting Needs	+46.7	+ 44.1	+24.3
Home Permanent Kits	− 6.3	− 15.8	−18.7
Hair Coloring	− 6.3	− 2.8	− 2.9
Hair Dressing Needs	+ 2.8	+ 7.4	+ 7.8
ORAL HYGIENE	− 3.1%	− 0.3%	+ 2.0%
Toothpastes & Powders	− 2.3	+ 0.8	+ 0.8
Mouthwashes	− 5.9	− 5.4	+ 7.7
Breath Fresheners	−13.2	− 4.8	− 8.8
Denture Cleaners	− 6.5	− 2.0	− 0.2
Denture Adhesives	− 4.8	− 4.8	− 3.4
Toothbrushes	− 0.8	+ 3.6	+ 3.4
PROPRIETARY REMEDIES	+ 1.7%	− 2.7%	− 0.5%
Antacids	+ 3.5	+ 5.8	+ 5.9
Internal Analgesics	− 2.3	− 2.9	− 0.3
External Analgesics	+ 4.8	− 0.8	+ 0.9
Cold Tablets	+ 9.8	− 3.4	− 2.5
Nasal Sprays—Drops—Inhalers	− 3.8	− 6.2	−10.5
Chest Rubs	+ 4.2	− 7.7	− 6.4
Cough Remedies	+ 0.2	− 10.3	− 4.0
Laxatives	− 1.9	− 5.9	− 6.8
Sleeping Aids	+10.8	+ 11.2	+ 5.5
Tranquilizers	−10.6	− 14.9	−10.4
Synthetic Vitamins	+ 1.3	− 0.9	− 0.3
Eye Care Products	+11.1	+ 19.2	+10.1
Appetite Suppressants	+ 7.0	+ 16.9	+15.6
SHAVING NEEDS	+ 3.1%	+ 5.5%	− 0.2%
Shaving Creams	+ 4.7	+ 9.7	+10.0
Pre-Shave Lotions	− 3.0	− 3.3	+ 4.0
After-Shave Lotions	− 3.4	− 1.8	− 2.9
Razor Blades	+ 3.7	+ 4.8	− 3.6
Razors & Blades	+ 4.2	+ 1.0	−12.6
SKIN CARE AIDS	+22.3%	+ 8.5%	− 1.3%
Hand & Body Creams & Lotions	+20.4	+ 9.7	− 3.3
Facial Preparations	+25.9	+ 9.0	− 4.6
Lip Care Products	+50.6	+ 17.0	+11.3
Suntan Lotions & Oils	+ 3.5	+102.5	+ 2.2
Cosmetic & Medicated Skin Aids	− 6.2	− 6.3	− 5.4
TOTAL ALL CATEGORIES	+ 2.6%	+ 0.4%	+ 0.9%

first aid products (bandages, cotton, gauze, etc.) declined, while first aid antiseptics gained. During February, the trends had reversed: First-aid products increased 2.7 percent, while the first-aid antiseptic category showed a loss of 1.7 percent.

Home permanents decline

Shampoo volume continues to ease, registering declines for the four weeks (−1.9 percent), 12 weeks (−0.3 percent) and full year (−0.4 percent). However, the most pronounced downward trending is in the home permanent kit category, where the most recent loss was 18.7 percent. The four-week loss rate among hair conditioning rinses and hair coloring was −2.9 percent for each. The hair setting needs category continues to outpace the strong year-ago period, although the gain rate has been decreasing as the new hair styling mousse products reach maturity.

The current February gain was 24.3 percent, in comparison with 82.6 percent annual growth. Hair sprays are continuing to grow, with the most recent gain of 20.2 percent being the highest increase yet. The 7.8 percent advance in sales of hair dressing needs came, in part, from hair mousse items for men introduced during the past year. Oral hygiene product sales rose 2.0 percent after discounting volume of dental aids, which were not reported by SAMI last year.

Mouthwashes accounted for all of the four-week unit gains in the product group; sales advanced 7.7 percent, wiping out losses of 8.8 percent for the small-volume breath freshener category, and 0.2 percent and 3.4 percent for denture cleaners and denture adhesives, respectively. Toothpastes/powders and toothbrushes recorded gains of 0.8 percent and 3.4 percent.

As a result of weakness in all of the cold remedy categories, sales of proprietary remedies declined 0.5 percent: −10.5 percent for nasal sprays-drops-inhalers, −6.4 percent for chest rubs, −4.0 percent for cough remedies and −2.5 percent for cold tablets. As noted earlier, the volume for internal analgesics fell only 0.3 percent in spite of the bad press given these products, particularly in capsules, as a result of the most recent Tylenol poisoning scare. It is possible that some consumers threw away the capsules and purchased new supplies in tablet form, thus avoiding a sharp decline in this beleaguered category.

Double-digit growth

Two proprietary remedy categories had double-digit growth rates: appetite suppressants (+15.6 percent) and eye care products (+10.1 percent). The growth rate for eye care products is the lowest in some time. Antacid volume in food stores was 5.9 percent higher than at the same time last year. Laxative sales declined 6.8 percent, and synthetic vitamins were 0.3 percent below the February 1985 level.

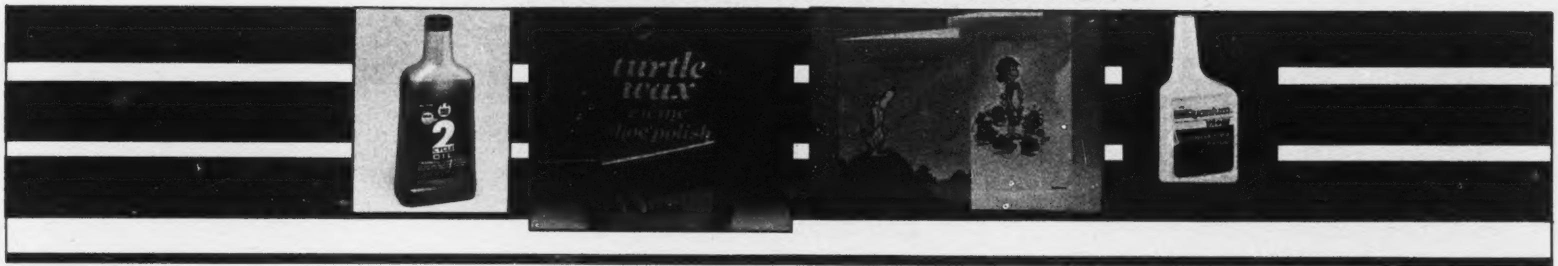
Sleeping aids continued on an upward sales curve, advancing 5.5 percent. However, this rate of gain was below the trend for a full year (+10.3 percent) or the 12-week period (+9.0 percent). Sales of shaving needs declined 40,000 units, or 0.2 percent, as a result of declines of 12.6 percent for razor sets, 3.6 percent for razor blades and 2.9 percent for aftershave lotions. Among razor blades, however, disposables were still trending upward (+11 percent). Also in the plus column were shaving creams (+10.0 percent) and pre-shave lotions (+4.0 percent).

Finally, in the skin care aids category, the recent upsurge appears to have simmered down, and a 1.3 percent decline was detected during the four-week period in all five categories combined. This contrasts with the trend reversals, +8.6 percent for the year and +8.9 percent for the 12-week period. From gains to losses, the trend reversals were found among hand and body creams/lotions (−3.3 percent) and facial preparations (−4.6 percent).

Volume in the cosmetic and medicated skin aids category moved downward 5.4 percent, representing the fourth consecutive reporting period with losses. The 2.2 percent increase for suntan lotion-suntan oil does not convert to many added units in the February period. Lip care products are still enjoying good growth, although at a lower gain rate than in the two preceding periods.

The March trend will be significantly influenced by the severity of the flu season, the repercussions of continued anxiety over poisoning from tampered proprietary remedies and the additional sales volume contributed by important new products. ■

SOME NOTABLE NEW PRODUCTS



Continued from page 18B

the caps on some toothpaste tubes have been changed in favor of flip-tops. I'm not sure if it actually works better, but the manufacturers saw the pump taking away business, and they had to do something about it."

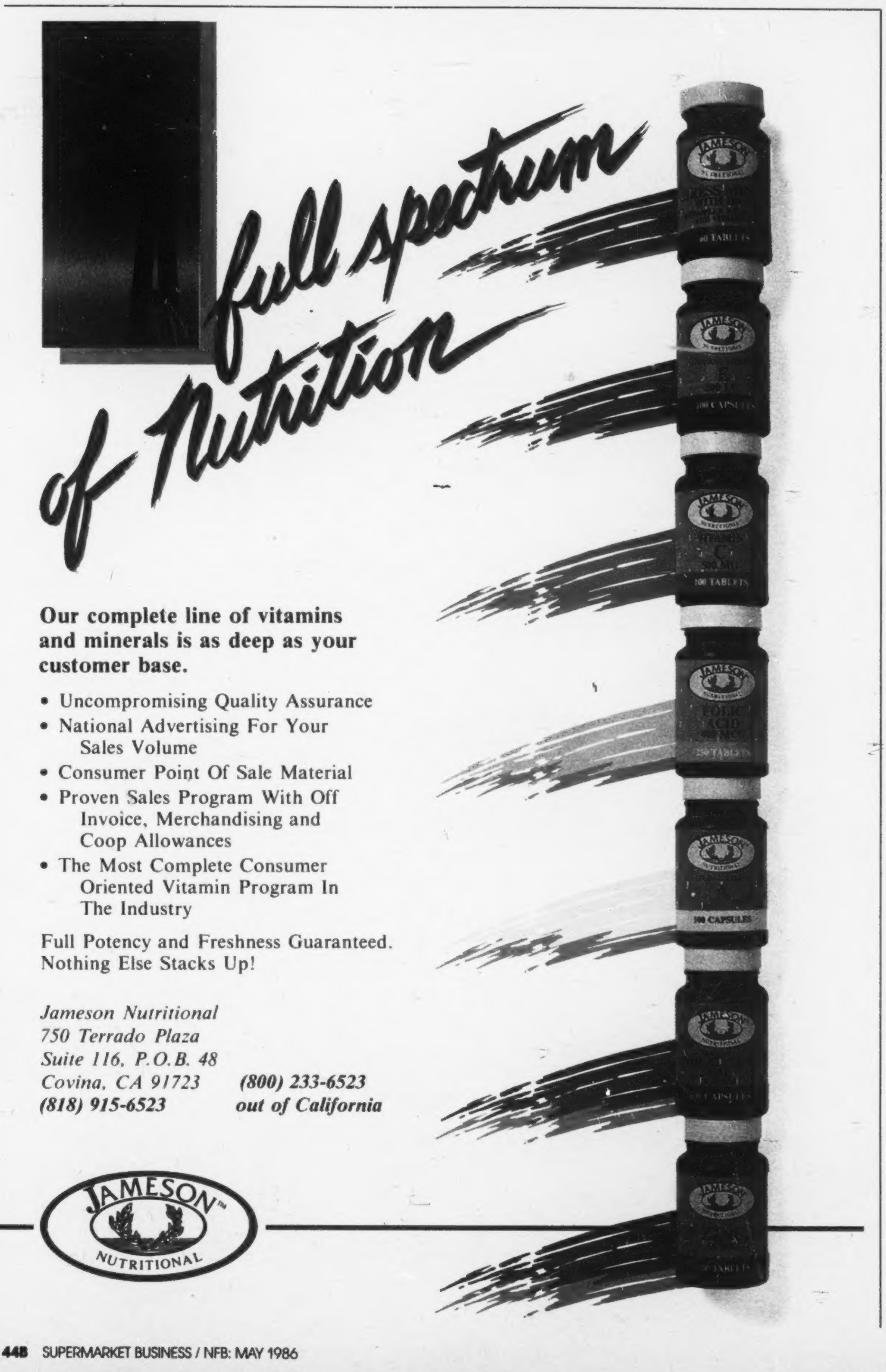
According to the survey, the categories with the most new products were hair products, oral hygiene, packaged medication and cosmetics. Deodorants and housewares were also high on all lists. Categories with the fewest number of new products, according to the survey, were photo supplies, flashlights and batteries and greeting cards.

As with food and grocery products, the sample groups said that manufacturers were somewhat helpful in terms of financing promotions and advertising and merchandising information when introducing GM/HBA products. The survey respondents felt that manufacturers are generally unsupportive when it comes to help with initial overhead systems expenses, and especially in helping to ease warehouse and shelf space problems.

Retailers' recommendations for how GM/HBA manufacturers could be more supportive were less consistent than for food and grocery manufacturers. Respondents from all three groups seemed to call for more allowance money, quicker pickup for older or discontinued products, and more merchandising and package information.

"New product presentations should include recommendations to discontinue lines and sizes," one wholesaler said. "Manufacturers are always eager to get new items in, but reluctant to pick up their own items that have been discontinued. This also creates a problem at retail. A large percentage of items on the shelves have been discontinued."

One independent retailer called for "additional planning and enough lead time to accommodate the merchandise in the system. Many times merchandise is 'added' to the allocation without proper layout." Another said that manufactur-



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ers should "be aware that it's more difficult to place an item on a retail shelf than in a warehouse." He called for more placement money.

Packaging innovations have come into the auto supplies market, also. A lot of oil is packaged in drip-proof plastic bottles, as is anti-freeze. "We developed, not too long ago, a new anti-freeze bottle," said Dick Gerstman. "The form of the product hasn't changed, but the problem was in pouring the stuff into cars. So we created an easy-to-use bottle with a handle on the same side as the spout, so it can go over the radiator opening. The product flows smoothly."

One retailer said that because of this new kind of packaging, he has begun to stock more auto supplies, and his sales have increased tremendously.

The most newsworthy, if unhappy, packaging change has been in over-the-counter drugs, because of the serious Tylenol tampering incidents. This has led to the development of a whole new age of tamper-proof or -resistant packages and, in the case of Tylenol, the increased use of caplets, to replace the tamper-prone capsules.

On these pages, NONFOODS BUSINESS has pictured some of the notable new products in GM/HBA. Because of space, not everything can be shown, and this does not reflect any preference by NONFOODS BUSINESS editors. Here is a list of significant new products that most retailers have cited: Fibre Trim, Crest Tartar Formula toothpaste, Colgate Pump Toothpaste, Tylenol caplets, Vaseline Lip Therapy, nail polish pens, Nuprin, Advil, calcium tablets, Mennen's Ladies Speed Stick and Dimetapp products. ■

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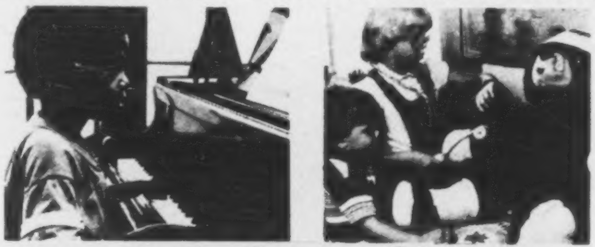

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AMBASSADOR/
HALLMARK (S) ..... 28B & 29B
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HOUSEWARES

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that are setting up their own gourmet shops." Indeed, Ferrin predicts that soon his company will be able to work with chains to feature certain recipes and provide shopping lists to consumers, which will generate sales of both groceries and disks to enraptured shoppers. He hopes.

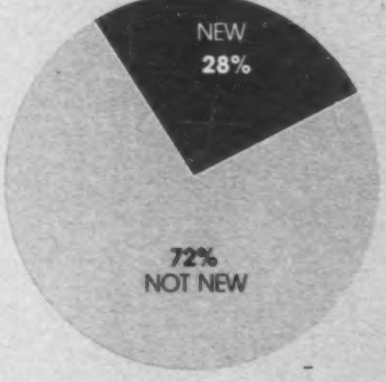
Hope may be the word most on the minds of many of the smaller entrepreneurs who abound at the Housewares Exposition. Wandering the aisles, one is greeted with encouraging smiles from the woman selling food dehydrators, from the man selling acrylic cutting boards, from the people selling decorator kitchen magnets. Outside, a storm whips up on Lake Michigan, ruining for a few hours the illusion of an unblemished spring. But inside McCormick Center, there are no visible storm clouds, except, perhaps, in the vicinity of a single booth devoid of samples. ■

SOME NOTABLE NEW PRODUCTS

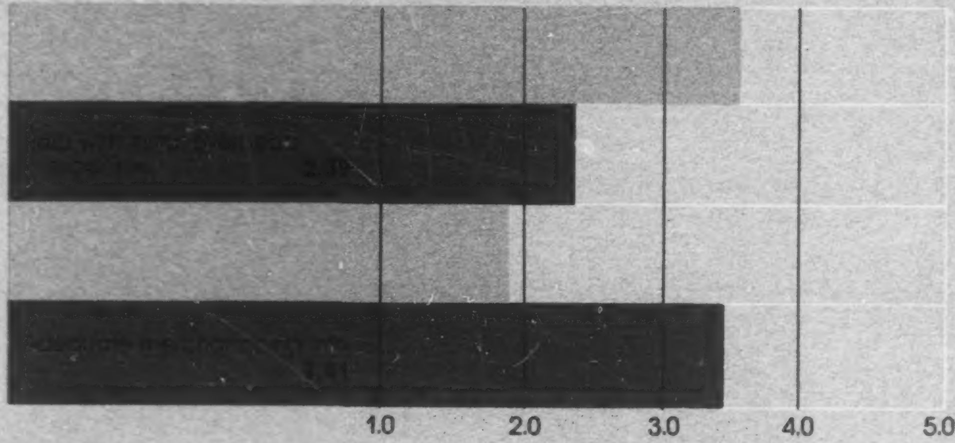
Diet
WEIGHT WATCHERS
STRAWBERRY SHORTCAKE
NEW
Minute Maid

Food & Grocery

Percentage of those products that were truly new ....



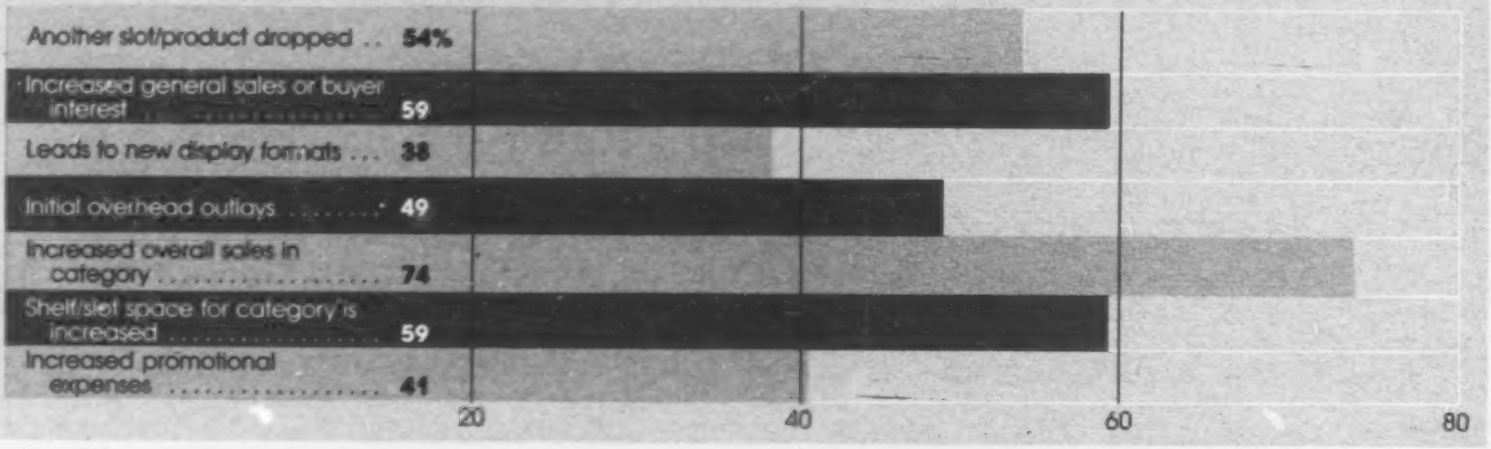
Ratings of manufacturer Support: 1-poor, 5-good



As seen in the pie chart above, most retailers surveyed feel that many products aren't truly new, but mainly line extensions or "me too" items. They feel that manufacturers provide adequate support for promotions and advertising, and also for merchandising information, but less so for overhead expenses and space problems (seen in the chart above). Independents especially feel that they could use more support with initial overhead expenses. Wholesalers called for more help with easing warehouse and shelf space problems. In the chart below, most of those surveyed feel that a new product increases overall category sales. Independents feel this less so and, more than any group, they tend to drop another slot or product when a new item is accepted.

Effects on your operations when accepting a new item.

% Yes



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that people want. People are still concerned about their health, but you see more of a reward mentality: work hard all week at the office, work out, but pig out on gourmet ice cream and good food."

"Perhaps the biggest innovation over the last year has been with microwave items," says Robert McMath, president of Marketing Intelligence Service, Ltd. "This is because of the continued increase in microwave use. Another strong category is 'mousse.' It's getting to the point where everything that foams is being sold as a mousse—car waxes, for instance."

McMath thinks that so-called health products will continue to grow in sales, and that so-called value-added sodas (with 10 percent juice or extra vitamins) will grow.

Sometimes, the package creates the product. "The studies we do regarding new packaging show that some new products are actually defined by their packaging," says Lorna Opatow, Opatow Associates (New York). "Take for instance, aseptic packaging, which can have juices or milk or main dishes in it." She says that aseptic packaging almost creates a new category within other categories, but so far, has been more successful in liquids than in solids. "It'll work better with solids when they get the taste problems straightened out."

Ocean Spray is having huge success with its line of aseptic packaged drinks, and expects to do extremely well with its aseptic concentrates—an instance of a package creating the product. "We're pioneering a new product—shelf-stable liquid concentrate," says a spokesman for Ocean Spray, "but the consumer acceptance is strong. Consumers have three benefits: economy, convenience and quality. The consumer saves up to 35 percent off what he would pay for reconstituted juice or frozen concentrate; the quality is the same as

Continued on page 120

SOME NOTABLE NEW PRODUCTS

Pampers
96
Match light

NEW PRODUCT AND PACKAGING INNOVATIONS

Continued from page 47

the product we put in our bottles, and there's no freezing requirements—the product can be put on a shelf and stored there for months.

"For retailers, the benefits are obvious. We've done studies that show a package of our liquid concentrate on a DPP (Direct Product Profitability) basis as 17 times more profitable than a conventional 48-ounce bottle or 46 ounce can."

The company has embarked on the largest advertising campaign in its history to educate consumers about the benefits of aseptically packaged liquid concentrates.

America's taste for the croissant has led many manufacturers into "me-too" or offbeat new products. Finally, for instance, we have the croissant pizza, this from Pepperidge Farm.

But the largest number of new products are being developed for microwave ovens. "Microwave-ready food is needed to compete with the fast-food business," one retailer said.

So in the microwave arena, we have the development of new plastic trays, that may make it possible for shelf-stable meals to be sold. It won't be an easy sell, since the American consumers generally have enough freezer and refrigerator space, so they don't have to have a shelf-stable entree. And people may be uneasy about having a pouch of stew, rather than a can of it, sitting in the cupboard. This means that manufacturers must spend an enormous amount of money to educate the consumer, both about the packaging process itself and the product in the package.

Campbell is developing microwavable soup containers, for example. The company is test marketing chunky soups called Cookbook Classics in microwavable plastic crock-shaped containers that sit on the shelf. Campbell is also planning to switch its Swanson frozen dinners to microwavable plastic trays rather than aluminum ones.

The shift in consumer attitudes and habits has led to changes in packaging, too, package designers and manufacturers feel. "Time is the big thing in the development of pre-cooked or easy to-clean products," says Lorna Opatow. "Money is still a constraint, too."

And taste is still important. American Can Co., for example, is working with a plastic can, that is said to make the food within it taste better, since it doesn't have to be heated as much as a metal can to cook the food. It's also easier to stack, lighter and more dent-resistant than metal. But convincing consumers that a plastic can is good is another challenge.

Not everything is being developed for the microwave. Some companies are working on new packaging to improve refrigerated food. Thin new plastic materials provide a barrier to oxygen, slowing deterioration. Some vegetables packaged with this material can be kept an extra week.

And the use of irradiation on more products means longer shelf life for fruits and vegetables to meats.

Other packaging changes are more aesthetic. Mort Libby, president of Libby Perszyk Kathman says "I predict that as men become more important to the supermarket, because they are doing more shopping, there will be a more masculine look to package design. Studies show that while women are willing to buy a more masculine-looking product, men won't buy products that they perceive to be feminine."

Nowadays, in addition to developing packaging for ease of operation, longer shelf life or cachet, manufacturers and packagers must contend with the insidious instances of product tampering. It's affecting everything, says one package designer, from analgesics to ice cream.

"Previously, when there were problems with packaging," says Lorna Opatow, "consumers tended to slough them off. But they haven't sloughed off the tampering problem. I am aware of people who have switched brands of cottage cheese, for instance, because they wanted a brand with an inner seal under the container top. The seal is also there for product freshness— not just because of tampering. But tampering has played a role in the consumer's thinking."

Some people feel that there may be a backlash among older buyers against the tamper-proof bottles and containers, but most consumers prefer the newer bottles. Incidents of tampering have led not only to new packages, but new products, for example, Tylenol caplets, which replace the tamper-prone capsules.

A consumer attitude study was commissioned by SUPERMARKET BUSINESS and conducted by Market Facts, Inc., an independent marketing research organization, using its Telenation service. This survey found that consumers must feel a need for a new product before choosing it. The product's appearance is also important.

Packaging information is the second most influential factor, with 71.3 percent of the respondents indicating that is important in their decision to try a new product. Price is important, but not as important as need. Store price promotions were mentioned by about 70 percent of the respondents as an influencing factor in their trying a new product, while coupons were mentioned by 62.8 percent. Trial sized samples were mentioned by 63.1 percent.

Significantly, advertising is the least important factor in the decision to try a new product. Only 56 percent of the sample mentioned manufacturers' advertising as being an important factor in trying a new product. Demographics, naturally, had a lot to do with whether a person would try a new product.

Younger consumers, aged 18 to 24, and those traditionally considered to be of prime home-owning and established family age, 35 to 44, are more influenced by a combination of many factors—such as perceived need for a product, packaging information, advertising and the like—in trying new products. Older consumers, those over 65, are least likely to be influenced by these factors.

Consumers with lower household incomes are more likely to be influenced by factors such as coupons, store price promotions and trial size samples. Higher income consumers respond more than other consumers to a perceived need for a product and its suitability as a substitute for an existing product.

Package information, and need for the product, are more important factors for white consumers than non-whites. All the other factors mentioned are more important to non-whites than whites. Price and advertising factors are more important to consumers with a high school or some college education. Need and package information factors are more important to those with a post-graduate education.

On these pages, some notable new products are pictured. The number of products is necessarily limited, due to space constraints, and does not reflect any preference by SUPERMARKET BUSINESS editors. Here is a list of some significant new or improved products most often cited by retailers: Pillsbury's Toaster Strudel and its pot pies, Le Menu Dinners, Ocean Spray Liquid Concentrates, Tyson Entrees, Campbell's dry and Gold Label soups, Snuggle fabric softener, Slice soda, Combat Roach Control, Lipton rice products, Heinz instant baby food, Betty Crocker's Pop Secret Popcorn. SUPERMARKET BUSINESS's repositioning award of all time goes to Coke Classic.

Developments are still in the offing. Campbell, for instance, is still trying to perfect a square, easy-to-ship tomato. Our cover shows how such a simple commodity as the tomato can be packaged and varied in a number of innovative ways. Not only is the packaging changing, but so is the product.

And with all the disparate consumer trends finding expression in the supermarket, from lean eating to gourmet ice creams, one had to expect this new development: Jolt, a soft drink being test marketed in Rochester, N.Y. It proudly claims to have twice the caffeine of a conventional can of caffeine-laced soda. Take that, health nuts. ■

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INSTORE BUSINESS
In Selected Editions Only

SUPERMARKET BUSINESS

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PART ONE
OF TWO PARTS

VOLUME 41/NUMBER 6
JUNE 1986

Dash
Lipton
Tide
RED DIAMOND
Gallon Size
6 TEA BAGS
Oxydol
Cheer
YES
Selsun blue

3rd ANNUAL PRODUCT PREFERENCE STUDY

How Brand Strength Varies by Product Category

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BPA ABP Association Of Business Publishers, Inc.

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SUPERMARKET BUSINESS

VOLUME 41
NUMBER 6

PART ONE
OF TWO PARTS

JUNE 1986

THIRD ANNUAL PRODUCT PREFERENCE STUDY: BRANDS—HOW STRENGTH VARIES BY PRODUCT CATEGORY/ROBERT DIETRICH **19**

A first-time look at the individual brand concentration profiles of 330 product categories yields new data that are both instructive and actionable. Knowing the percent of product volume accounted for by the number one, two and three brands—as well as the number of brands needed to attain the various percent-of-sales goals—is a useful supplement to intuition and experience. First-time data on brand loyalty can also help.

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(In selected editions only.)

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Ralphs has entered the troubled Bakersfield, Calif., market with a brand new prototype—the Giant. So far, sales have been on a large scale, too.

TURNING POINTS: AND THEN THERE WAS ONE **75**
KEVIN COUPE

Jim Stoll was facing declining business and a mid-life crisis. He decided, though, to turn himself around. He closed his stores that weren't performing, and opened a new warehouse-style operation: Bag-n-Save. Fourth in a series.

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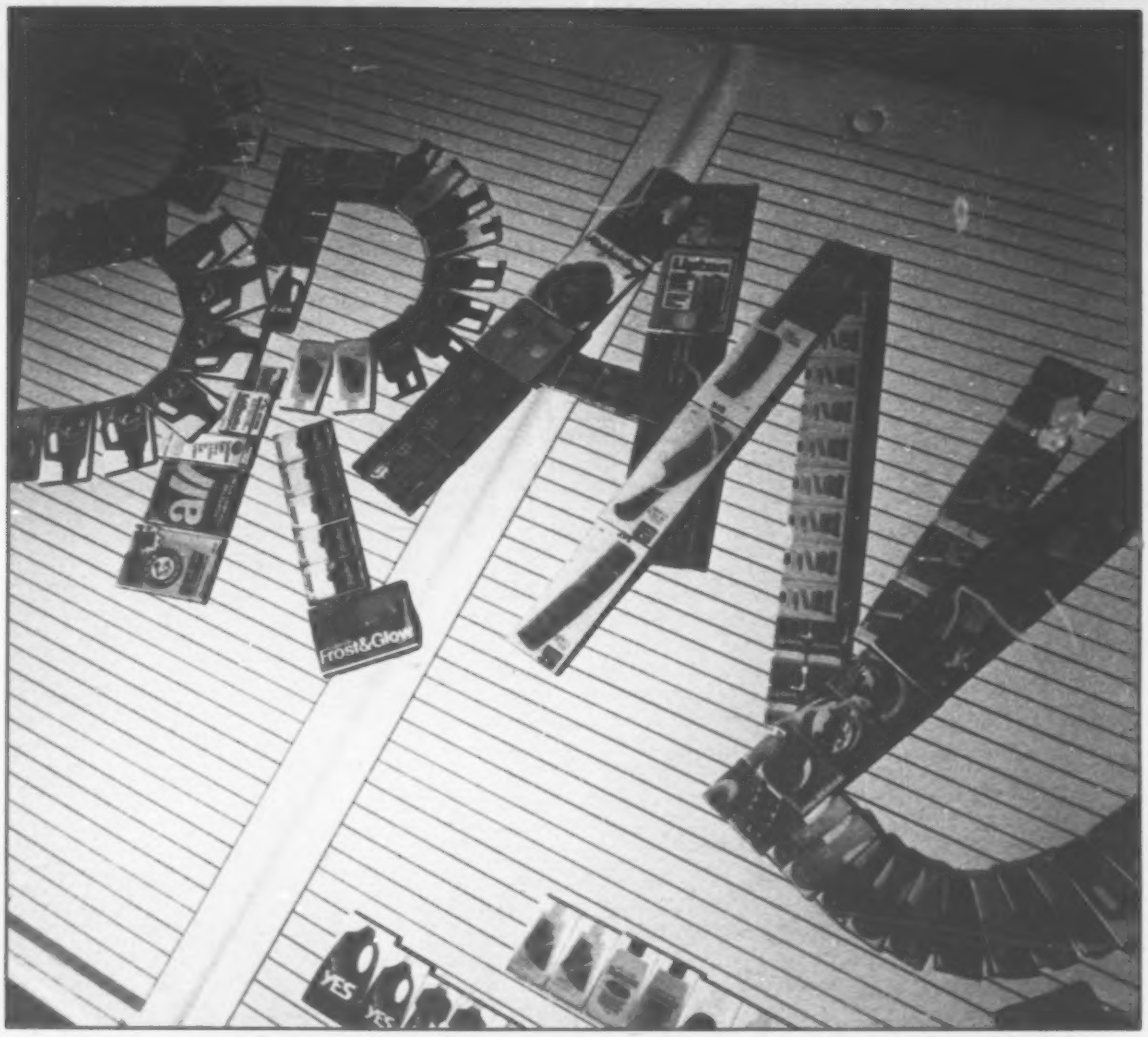


THIRD ANNUAL PRODUCT PREFERENCE STUDY

B·R·A·N·D·S

HOW STRENGTH VARIES BY PRODUCT CATEGORY

This special report presents exclusive new data to help you determine that for over 300 product categories.

PREPARED BY ROBERT DIETRICH

Thumbs up? Or thumbs down? Every day warehouse executives and store managers wield life-or-death power over the fate of brands.

Often with little more input than experience and intuition (valuable but insufficient tools), decisions are made to authorize adding a seventh brand of widgets or to guillotine that fifth brand of geegaws.

But still the question nags: how many brands are enough? Too few? Too many? This report will help you find the answers.

Ironically, the problem of worrying how many brands should be given shelf space comes at a time when new stores are often two to three times the size of those they replace. But chances are that many venerable packaged goods categories have not gained much more linear shelf space—let alone *share* of total store space—in today's stadium-sized stores vis-a-vis yesterday's peewees.

That extra space, you see, is needed for lobster tanks, pizza-making stations, video rental installations, and patio furniture in and outs.

Following the pattern

The "how-many-brands" query has as many answers as there are product categories (330 in this report), each with its unique *brand concentration* fingerprints. But in looking at data on the percent of unit consumption accounted for by leading brands, as developed in nationally projectable syndicated studies conducted by Mediamark Research Inc., two distinct patterns assert themselves:

The Heavy Hitters—The #1 Brand often enjoys a toothsome 50 percent or more share of sales. And adding #2 and/or #3 often rockets share of sales over 90 percent.

The Diffusers—Brand shares of sales descend like a long flight of steps, with even #1 of modest size, and each succeeding step shrinking only slightly in size.

While decisions must be reached in the context of *product categories* (e.g. English muffins) rather than *product classes* (e.g. baked goods, of which English muffins is one element), the chart on page 22 illustrates the magnitude of the difference in brand concentration between Baby Food (whose #1 Brand accounts for 54.5 percent of sales, with the top three brands registering 89.4 percent) and bottom-of-the-list Men's Hair Care (only 16.0 percent for #1 and 31.7 when #2 and #3 are added).

(NOTE: Only national brands are included in the figures in this report, due to erratic variations in private label and generic sales from region to region. Readers should, of course, continue to allocate space within categories to private label and generics in accordance with sales history.)

Just one more?

Decisions on brands must be made "incrementally"—that is, by asking: If Brand #X is added, how much more of potential sales will be realized, and against what incremental dedication of shelf space, manpower and other resources?

In other words, once you ascertain that stocking, say, the #3 brand will elevate you to satisfying a higher, measurable level of potential sales, then you have the ammunition to choose between two alternatives:

(a) Yes, I really believe that difference is important so I'll stock #3, or

(b) The difference isn't big enough to make a significant difference, so I'd be better off giving more space to #1 or #2, or perhaps giving the space over to some other, perilously squeezed category.

So many brands, so little space

Looking at the rank listing of brands that contribute to sales in Diffuser-type categories, we find some lists that grow into dozens of brands, with each incremental brand adding only a fraction of a percent.

At what point in the list should the knife fall? To provide a pragmatic framework for making such a decision, the Mediamark data has been arranged to show how many brands would be needed to satisfy each of four sales goals.

Once you've decided on the level of your *percent goal*, you'll be able to look at a category such as Barsoaps for Personal Use and know the number of brands you need to carry:

50%	5 brands
67%	8 brands
75%	10 brands
90%	16 brands

(This example contrasts with a category like Scouring Powder, where only two brands will satisfy 75 percent of demand, and three brands cover 90 percent.)

Loyalty tests

While selecting a percent-of-demand goal may seem somewhat arbitrary, it can become somewhat less so by taking brand loyalty into consideration. While brand loyalty is too often measured by what consumers *say* they do, new statistics are presented here that show what consumers actually do. For each category the percent of total users who are One-Brand Users is indicated. (NOTE: The One-Brand statistics were specially developed by Mediamark for this report.)

A relatively low percentage of one-brand users is likely to reflect the fact that many brands are offered in the category and that users are often swayed by the latest coupon or other price-cutting promotion. In such instances there is less pressure to please all the people all the time.

But when One-Brand Users dominate a category (as is often the case with personal care products), consideration should be given to stocking as many brands as possible to satisfy these loyalists.

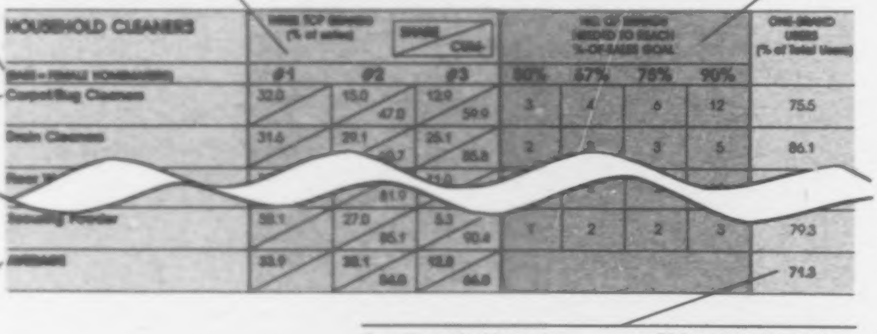
Brand news

As new brands are introduced, and others reach more mature phases of their life cycle, constant reevaluation of brand authorization is needed. The statistics in this report are intended to augment, not supplement, the judgment brought to bear on that process.

HOW TO READ THE TABLES

For each product category, the demographic base used is the one that accounts for most of its sales. For most food categories, as well as dry grocery non-foods categories like the sample shown here, the base is FEMALE HOMEMAKERS. The other base groups used in this report are ADULTS (for categories including Tobacco, Wine and HBA used by both sexes) and MEN and WOMEN, matched to their appropriate specialized HBA product usage.

Participants in the Mediamark study are asked the quantities they purchase of each brand over a set perio.J (often the previous six months). Using these data, special MRI computer programs "weight" the brand share of volume that is accounted for by each brand to derive its percent of sales. For the first sub-category shown here, for example, the #1 brand accounts for 32.0 percent of sales. By adding the #2 brand (15.0 percent), 47.0 percent of sales is covered; and by then adding the #3 brand (12.9 percent) the CUM- (short for CUMULATIVE) percent of sales that's covered rises to 59.9 percent. In a product class like Household Cleaners, the proportion of sales accounted for by the top three brands varies from a low of 36.0 percent (Household Cleaners) to a high of 90.4 percent (Scouring Powder).


HOUSEHOLD CLEANERS
SHARE
CUM.
#1
#2
#3
50%
67%
75%
90%
Carpet/Rug Cleaners
32.0
15.0
47.0
12.9
59.9
3
4
6
12
75.5
Drain Cleaners
31.6
29.1
60.7
25.1
85.8
2
3
5
86.1
81.9
Scouring Powder
58.1
27.0
85.1
5.3
90.4
1
2
2
3
79.3
71.3

The individual sub-categories are listed in alphabetical order, rather than being ranked numerically. The nomenclature used is comparable to standard supermarket trade descriptions.

While decisions must be based on sub-categories (i.e. on Scouring Powder rather than on Household Cleaners) the averages are shown to facilitate intra-category comparisons and to provide a perspective for department-to-department across-the-store comparisons. The master chart (page 22) ranks all 36 categories by the degree of penetration achieved by the three leading brands.

In making a decision on how many brands to stock, it is valuable to know the degree of brand loyalty that supports various product categories. As an indicator of brand loyalty, one-brand users have been separated from multiple-brand (two or more) users. So of female homemakers who purchase Carpet/Rug Cleaners 75.5 percent report the purchase of only one brand, while the remaining 24.5 percent report two or more brands. Categories with heavy promotional activity, including coupons and an above-average velocity of new product introductions frequently tend to have a below-average incidence of one-brand users.

To relate brand concentration patterns to the problems that store and warehouse personnel have in deciding **how many brands is enough**, this part of the table allows an unique (and first-time) look at the number of brands that must be carried to achieve a goal of a certain percent of sales. The four levels shown are one-half (50 percent); two-thirds (67 percent); three-quarters (75 percent); and nine-tenths (90 percent). In the case of Carpet/Rug Cleaners, three brands (at 59.9 percent) would satisfy the 50% goal. Adding the 9.5 percent registered by the fourth ranked brand (not shown) raises the cumulative to 69.4 percent, thereby satisfying a 67% goal. Then adding in the fifth and sixth ranking brands, with sales of 5.2 percent and 4.0 percent respectively, caps 78.6 percent of sales, enough to meet a 75% goal. With each additional brand beyond the sixth adding quite small increments in sales in the case of Carpet/Rug Cleaners, it would be necessary to add the seventh through twelfth ranking brands to satisfy 90 percent of sales. The figures in themselves do not decide the how-many-brands-is-enough question, but rather give the grocery executive emperical data on which a decision can be rationall .eached.

GETTING THE NUMBER OF BRANDS RIGHT— HOW TO USE THIS REPORT

When it's time to decide how many brands to stock in a given product category—be it light bulbs or light beer—a mistake in the direction of either shortfall or overkill can be damaging.

The price for stocking too many brands is paid in space, time and dollars. Space, both in terms of warehouse slots and store shelving, is misallocated when an "unnecessary" brand is allowed to usurp it from either (1) a leading brand in the same category which is being squeezed into too little space, or (2) from another product category that has been shortchanged on space.

Time is wasted both in unnecessary ordering and restocking. And money is wasted by underutilizing inventory dollars.

On the other hand, failure to authorize that critical extra brand can also be costly. In categories with high concentration among leading brands, you may have to look to, say, Brand #4 or Brand #5 to raise the percent of demand your brand mix satisfies up to an acceptable (67%, 75%, 90%) level.

Further, for brands with an above average incidence of one-brand users, it's important not to turn off brand-loyalists and drive them into the checkout lanes of your competitors.

To help avoid the excesses of stocking either too many or too few brands, here are some questions to ask yourself when comparing the number of brands *you* stock with what the figures in this report show:

Are the #1 and/or #2 and/or #3 brands powerhouses with muscular market shares? If yes, make sure they're given enough shelf space to preclude too frequent out-of-stocks. When line extensions within these brands are introduced, listen with a receptive ear. When you receive notice that these brands are being featured in coupon promotions, stock up so that your customers aren't disappointed. And don't forget that shoppers like to see fast-friend brands in your advertised specials and end-aisle displays.

Are there some further-down-the-brand-share-line favorites that I've been unjustly ignoring? A sure sign of this is categories where an above-average number of brands is needed to meet given percent-of-sales goals. This is a sure indication that follow-behind-the-leader brands have carved out their own franchises among consumers, and that should be respected by allocating them some of the category's shelf space, even if it means cutting back on space occupied by the leaders.

How do my private label and generic items fit into the picture? Because of wide variation of penetration of private label and generics due to variations in their strength from company to company and region to region, they're omitted from this report (although included in detailed Mediamark reports to subscribers). Based on your observations of the strength of these lines—by category—you can dovetail them into the decisions you make on the number of brands you carry based on the figures in this report.

When are brands stronger than their share figures make them look, and what should be done about them? The strongest brands, whatever their actual share size, are those with the highest brand loyalty. This is reflected by the proportion of one-brand users they command. One-brand users are more likely than multi-brand users to expect to find their favorite on your shelves, even if its low overall market share seems to dictate a modest—or minus—number of facings. After too many frustrations the one-branders might just decide, "This store *never* has anything I want."

The Mediamark Databank— A Microcosm of American Consumers

"What we have here," says Alain Tessier, president of Mediamark Research Inc., "is simply the most accurate representation of the U.S. population possible."

The design and feeding of a databank that contains consumption patterns for 450 product categories, 1,900 product types and 5,700 individual brands is far from simple, however.

Every year 20,000 adults are interviewed in two waves of 10,000 each. The 2,400 "clusters" in which they live are scientifically selected to assure the projectability of the data gathered. Mediamark reports are issued every spring and fall to keep information current.

Who uses the data, which in addition to product usage, cover magazines, radio, broadcast and cable TV habits—all, of course, cross-ruffed against myriad demographic characteristics?

The answer covers a galaxy of subscribers including advertising agencies, advertisers (including many faces well known in supermarket aisles such as Campbell Soup, General Foods, Kraft and Ralston-Purina), magazines and broadcast networks and stations.

While the shelf-long, 20-volume reports published annually by Mediamark seem almost exhaustively comprehensive, the data available from the data bank explode in size geometrically through the use of Mediamark's new on-site, PC-based computer system called MEMRI™ (Micro Evaluation by Mediamark Research Inc.). Complex equations for comparing reach and frequency of various advertising vehicles against target product user groups can be solved in seconds.

Mediamark also offers several customized services that are especially useful in today's "niche" marketing environment:

☐ Ten Mediamarket Reports detail consumer habits in New York, Los Angeles and eight other important markets. Special questions yield data on which supermarkets are shopped.

☐ The Business-to-Business Report identifies who the business purchasers are, what kind of companies they work for, how much of the company's money they spend and what they spend it on. Among the many business products covered are advertising, various types of equipment and supplies, and travel arrangements.

☐ The Upper Deck Report provides insight to marketers trying to influence that top 10 percent of American households with income above $50,000 per year.

☐ The Consumer Innovators Report focuses on people who are likely to be the first to buy new products in five product groupings, including "food and the kitchen environment."

(For information on Mediamark services, contact Sylvia Cassel, senior vice president administration, Mediamark Research Inc., 341 Madison Ave., N.Y., N.Y. 10017. Tel. 212-599-0444.)

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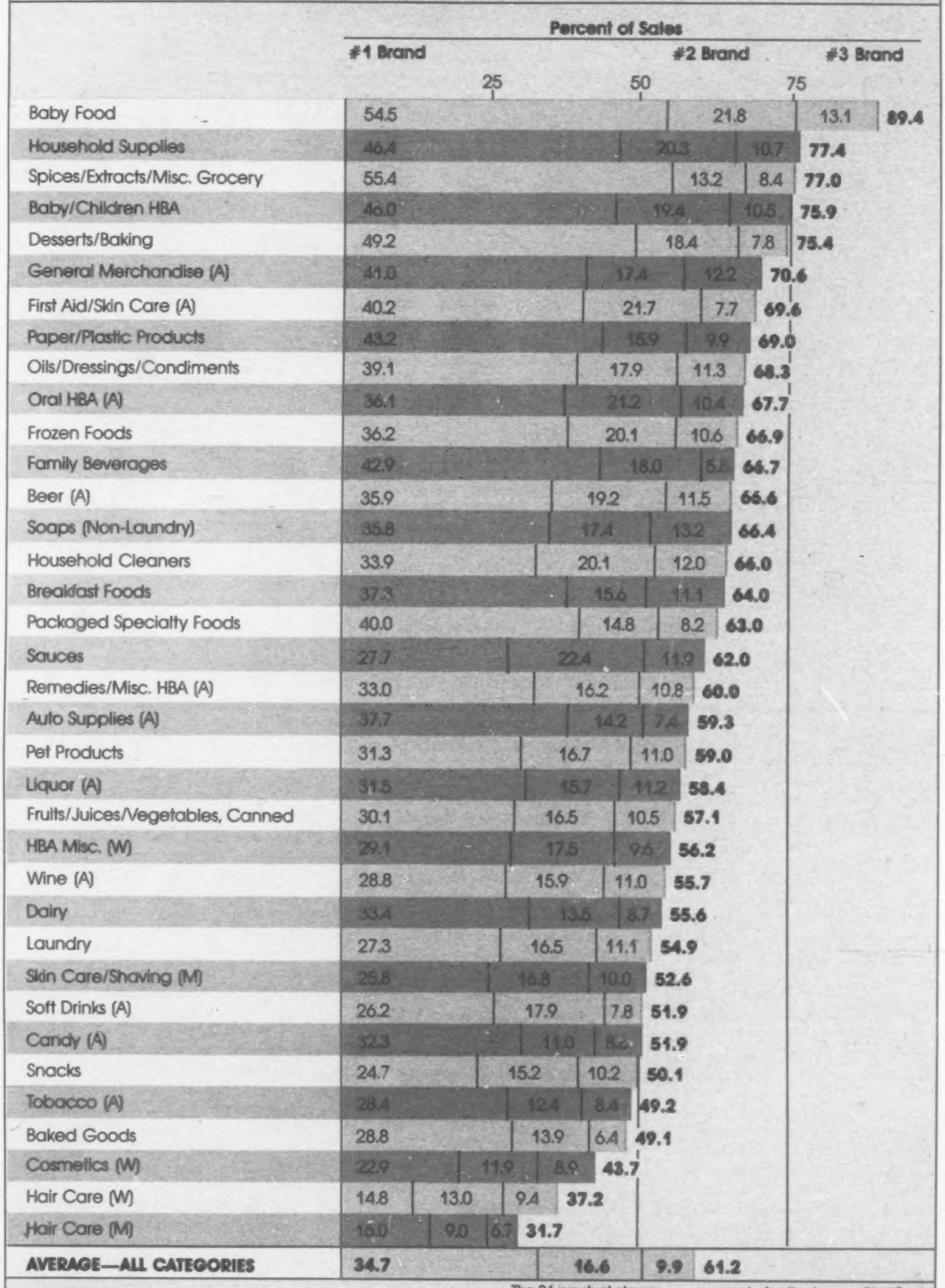
B·R·A·N·D·S

RANKING OF BRAND CONCENTRATION FOR 36 MAJOR PRODUCT CLASSES



Base Groups
(A)—Adults
(M)—Men
(W)—Women
All others are based on Female Homemakers.

The 36 product classes shown here represent averages for 330 individual product categories shown in the tables on the following pages. On average the #1 Brand accounts for 34.7 percent of unit volume, with #2 adding 16.6 percent and #3 9.9 percent. The wide range of brand concentration among product classes can also be found in the product categories within each class.

What "NR" Means

In the part of the tables showing how many brands are needed to achieve each percent-of-sales goal, "NR" signifies "Not Reported." This means that adding together all the brands in the category reported by Mediamark still yields a percentage share **short** of this level. The reason is that the balance of sales are allocated to many smaller brands lumped together as "Other," and to private label and generics.

B·R·A·N·D·S

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WHAT'S IN A BRAND NAME?

MRI questionnaires present respondents with a list of brands for each product, as well as the opportunity to write one in. Several brands in a product category may share the same brand name but are considered to be separate brands if they represent a distinct and identifiable product line. For example, in the rice category the following four products are considered to be *separate brands:* Uncle Ben's Regular; Uncle Ben's Quick; Uncle Ben's Select Brown Rice; and Uncle Ben's Brown Rice. Brands may, of course, be the umbrella for several *items* representing variations in package size, color, flavor or similar variation.

AN EXCERPT FROM THE MRI QUESTIONNAIRE

Volume data are collected for both products *and* brands.

LOW CALORIE DOMESTIC BEER	You Personally: Drank in last 6 months	You Personally: Glasses/ last 7 days	
TOTAL: 118	☐	______	00
KINDS:			
Bottled	☐	______	01
Canned	☐	______	02
Draft	☐	______	03
BRANDS:			
Budweiser Light	☐	______	04
Coors Light	☐	______	05
Hamm's Special Light	☐	______	06
Iron City Light	☐	______	07
Michelob Light	☐	______	08
Miller Light	☐	______	09
Natural Light	☐	______	10
Old Milwaukee Light	☐	______	11
Olympia Gold	☐	______	12
Pabst Extra Light	☐	______	13
Pearl Light	☐	______	14
Piel's Lite	☐	______	15
Ranier Lite	☐	______	16
Schlitz Light	☐	______	17
Schmidt's Light	☐	______	18
Stroh's Light	☐	______	19
______ OTHER (Write in)	☐	______	999

DRY GROCERY (FOOD)

BABY FOODS	THREE TOP BRANDS (% of sales)					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Baby Foods	54.8	19.1	73.9	16.7	90.6	1	2	3	3	69.1
Infant Cereal	72.9	15.8	88.7	9.7	98.4	1	1	2	3	87.2
Infant Formulas/Prepared	35.7	30.6	66.3	12.9	79.2	2	3	3	NR	88.8
AVERAGE	**54.5**	**21.8**	**76.3**	**13.1**	**89.4**					**81.7**

Powerhouse brands dominate the baby foods section of the supermarket. The #1 brand of infant cereal accounts for 72.9 percent of sales, with nine out of 10 female homemaker users saying they only purchase one brand. Beyond the top three brands of prepared infant formula no single brand was prominent enough to be tabulated.

BAKED GOODS	THREE TOP BRANDS (% of sales)					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Bread	10.0	4.8	14.8	4.5	19.3	16	NR	NR	NR	55.0
Bread Crumbs, Coating Mixes	17.4	15.6	33.0	8.9	41.9	5	8	10	NR	62.9
Cookies, Ready To Eat	14.1	12.0	26.1	10.5	36.6	5	9	12	NR	49.2
Crackers	15.7	8.5	24.2	8.3	32.5	6	10	13	NR	48.3
Croutons	57.1	13.0	70.1	—		1	2	NR	NR	94.7
English Muffins	41.4	10.7	52.1	5.2	57.3	2	7	NR	NR	85.1
Snack Cakes	42.2	29.4	71.6	8.7	80.3	2	2	3	5	67.5
Stuffing Mixes/Products	32.4	17.0	49.4	5.4	54.8	3	6	9	NR	79.6
AVERAGE	**28.8**	**13.9**	**42.7**	**6.4**	**49.1**					**67.8**

It takes 16 brands of bread to satisfy a 50-percent-of-sales goal. Beyond that the prevalence of strong regional and private label offerings precludes calculating the number of brands necessary to reach a higher goal. Power among cracker brands is quite fragmented, with 13 brands necessary to achieve a 67 percent goal.

In contrast, croutons, English muffins and snack cakes are dominated by very strong #1 brands, with about nine out of 10 consumers using only one brand in those categories. For bread, cookies and crackers, however, purchases are likely to be allocated among more than one brand in half of all households.

BREAKFAST FOODS	THREE TOP BRANDS (% of sales)					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Breakfast Cereals, Cold	9.4	8.0	17.4	5.5	22.9	13	21	27	45	21.5
Breakfast Cereals, Hot	24.3	19.0	43.3	11.9	55.2	3	5	7	13	57.7
Breakfast/Snack Bars	26.0	20.2	46.2	15.6	61.8	3	4	5	9	55.1
Toaster Products	67.8	11.4	79.2	3.8	83.0	1	1	2	NR	83.6
Breakfast Drinks, Powder, Fruit Flavored	83.9	5.9	89.8	—		1	1	1	NR	94.2
Syrup	23.0	15.6	38.6	13.3	51.9	3	5	7	NR	69.1
Pancake, Waffle Mix	38.1	19.8	57.9	9.5	67.4	2	3	4	NR	80.8
Honey	42.4	10.2	52.6	4.0	56.6	2	NR	NR	NR	94.4
Jams, Jellies	27.5	17.3	44.8	12.2	57.0	3	6	NR	NR	71.4
Peanut Butter	30.9	24.2	55.1	18.6	73.7	2	3	4	NR	79.3
AVERAGE	**37.3**	**15.6**	**52.9**	**11.1**	**64.0**					**70.7**

There's no champion of breakfasts in the cold cereals category, as not even the #1 brand can claim to account for 10 percent of volume. Setting a goal of satisfying 75 percent of projected sales volume means stocking 27 brands, a figure that elevates to 45 brands with a 90 percent goal (a level that is surpassed only by that unique category—cigarettes).

Perhaps reflecting the need to keep several brands in the pantry to satisfy the differing tastes among household members, only one household in five pledges allegiance to only one brand. By contrast, most other categories demand the stocking of only a relative handful of brands to satisfy 75 percent of demand.

NR—Not Reported Source: Mediamark Research Inc.

BRAND SHARE OF CATEGORY

DRY GROCERY (FOOD)

CANDY	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Candy, Individual, Regular Size	13.1	6.8	19.9	6.5	26.4	8	14	18	35	29.3
Candy, Pkg. of Mini	11.2	8.0	19.2	7.9	27.1	7	11	14	22	47.7
Candy, Pre-Pkg'd Loose	23.6	13.8	37.4	11.0	48.4	4	6	9	NR	64.2
Chewing Gum	14.1	13.0	27.1	10.4	37.5	5	7	9	18	64.0
Cough Drops	49.9	12.2	62.1	10.0	72.1	2	3	4	8	77.7
Hard Roll Candy	87.8	6.5	94.3	2.3	96.6	1	1	1	2	95.1
Mints	26.3	16.6	42.9	12.0	54.9	3	5	5	8	73.6
AVERAGE	**32.3**	**11.0**	**43.3**	**8.6**	**51.9**					**64.5**

Candy shows less concentration among the leading three brands than any food category with the exceptions of snacks and baked goods. For individual regular-size candy (a classification that includes chocolate bars along with other checkout favorites), the Mediamark tabulations break out 68 brands, many with only a scant share of total sales.

One-brand users are few here, with seven out of 10 naming more than one brand. The opposite side of the candy wrapper is represented by cough drops and hard roll candy, both of which have strong leading brands.

DESSERTS/BAKING INGREDIENTS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Artificial Sweeteners	50.7	32.9	83.6	5.1	88.7	1	2	2	4	87.0
Baking Chips	57.9	21.0	78.9	6.7	85.6	1	2	2	NR	81.0
Baking Chocolate, Bar	46.2	28.8	75.0	15.3	90.3	2	2	2	3	83.9
Baking Coconut	75.0	5.8	80.8	5.6	86.4	1	1	1	NR	94.4
Baking Mixes	35.0	22.9	57.9	11.0	68.9	2	3	4	NR	67.4
Brownie/Cookie Mixes	34.5	20.0	54.5	8.2	62.7	2	4	5	12	67.7
Cake Mixes, Dry	50.2	20.8	71.0	7.1	78.1	1	2	3	7	53.2
Evaporated Milk	40.7	19.8	60.5	6.5	67.0	2	3	NR	NR	83.4
Flavored Gelatin Desserts	68.4	12.9	81.3	9.7	91.0	1	1	2	3	73.5
Flour	46.0	22.1	68.1	5.2	73.3	2	2	4	NR	85.9
Frosting/Frosting Mixes	32.3	20.8	53.1	12.8	65.9	2	4	5	6	72.5
Molasses & Syrup	23.0	15.6	38.6	13.3	51.9	3	5	7	NR	69.1
Pie Filling, Puddings	58.8	10.3	69.1	7.3	76.4	1	2	3	8	74.2
Pizza Mix	46.8	14.5	61.3	11.2	72.5	2	3	4	6	80.5
Shortening	79.9	1.5	81.4	.5	81.9	1	1	1	NR	94.5
Sugar	25.7	18.0	43.7	7.2	50.9	3	9	NR	NR	69.7
Whipped Topping	41.6	19.5	61.1	8.3	69.4	2	3	4	10	69.2
Yeast	72.9	24.7	97.6	—		1	1	2	2	86.6
AVERAGE	**49.2**	**18.4**	**67.6**	**7.8**	**75.4**					**77.4**

NR—Not Reported Source: Mediamark Research Inc.

Few grocers would have much trouble guessing the categories with the highest #1 brand share among desserts and baking ingredients—baking coconut, shortening, flavored gelatin desserts and yeast. In all these cases #1 necessarily far outshadows #2 and #3.

With such strongly entrenched brands, it's no surprise that these categories also have above-average incidence of one-brand users. Only somewhat diluted, this pattern of power brands extends to many other categories here, including baking chips, artificial sweeteners, pie fillings and puddings, and dry cake mixes (all with #1 brands over 50 percent).

While few buyers would want to limit their stores' offerings in these categories to only one or two brands, the lessons for space allocation and merchandising emphasis are self-evident.

BRAND SHARE OF CATEGORY

DRY GROCERY (FOOD)

FRUITS/JUICES/VEGETABLES, CANNED	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
Fruit, Canned/Jarred	34.8	13.6	48.4	11.3	59.7	3	5	7	NR	46.9
Fruit Juices/Drinks Canned	10.0	9.1	19.1	8.2	27.3	7	14	19	NR	47.4
Grapefruit Juice, Canned	19.1	15.0	34.1	14.0	48.1	4	5	NR	NR	89.3
Tomato/Veg. Juices Canned	52.0	11.8	63.8	6.7	70.5	1	3	4	NR	74.1
Beans, Prep. In A Sauce, Canned	33.1	26.9	60.0	11.4	71.4	2	3	4	9	68.6
Mushrooms, Canned/Jarred	22.7	18.3	41.0	17.9	58.9	3	NR	NR	NR	79.1
Tomatoes, Canned	43.4	19.0	62.4	6.7	69.1	2	3	NR	NR	65.3
Vegetables, Canned/Jarred	25.7	18.4	44.1	7.7	51.8	3	9	17	NR	39.3
AVERAGE	**30.1**	**16.5**	**46.6**	**10.5**	**57.1**					**63.8**

The problem of how many brands to stock is, not unexpectedly, most difficult in the cases of canned fruit juices and drinks, and canned and jarred vegetables. As cooks gathering materials for a recipe will hardly regard a brand of canned artichoke as an acceptable substitute for a brand of sauerkraut, it pays to study the scanning records of various lines and excise brands only if there is minimum danger of inadvertently excising customers in the same stroke.

OILS/DRESSINGS/CONDIMENTS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
Catsup	51.9	22.2	74.1	12.3	86.4	1	2	3	NR	79.3
Mayonnaise/Mayo Type Dressing	33.0	19.4	52.4	17.7	70.1	2	3	4	9	73.7
Mustard	47.2	11.1	58.3	9.4	67.7	2	3	4	NR	78.9
Oil, Salad or Cooking	30.4	18.1	48.5	15.9	64.4	3	4	6	NR	72.4
Pickles	33.4	15.0	48.4	11.9	60.3	3	4	7	NR	73.1
Pickle Relish	51.4	27.6	79.0	1.8	80.8	1	2	2	NR	89.8
Salad Dressing	26.5	11.7	38.2	10.3	48.5	4	6	7	18	49.2
AVERAGE	**39.1**	**17.9**	**57.0**	**11.3**	**68.3**					**73.8**

Strong leading brands set the pace for most of these categories, as the top three brands account for an above-average 68.3 percent of sales. For both catsup and pickle relish the #1 brand can be counted on for over 50 percent of sales, with the cumulative share for the top three brands at over 80 percent. Only about one-quarter of mayonnaise users spread their purchases over more than one brand, suggesting that heavy merchandising of this product may have more influence on store loyalty than on brand loyalty.

PACKAGED SPECIALTY FOODS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
Bacon & Breakfast Strips	16.1	9.9	26.0	7.9	33.9	7	15	21	NR	70.7
Chicken, Canned	91.9	—		—		1	1	1	1	97.3
Chili, Canned	48.9	19.3	68.2	9.0	77.2	2	2	3	NR	83.3
Cold Cuts	24.8	6.7	31.5	6.4	37.9	6	16	NR	NR	63.1
Dinner Mixes, Pkg'd.	66.1	7.6	73.7	6.4	80.1	1	2	3	6	66.8
Deviled Ham & Other Meat Products	25.4	17.0	42.4	16.2	58.6	3	4	5	7	69.6
Flavored & Seasoned Rice Mix	38.3	10.9	49.2	10.5	59.7	3	4	5	9	72.2
Frankfurters/Wieners	20.3	6.8	27.1	6.7	33.8	8	16	25	NR	69.5
Ham, Canned	22.1	11.9	34.0	10.7	44.7	4	7	9	NR	82.6

NR—Not Reported Source: Mediamark Research Inc.

The 22 products included here represent much of the heart of the dry grocery department, with many standards that are frequently found on shopping lists. In the important canned soup category (a billion dollar seller in supermarkets), the top three "brands," accounting for 83.2 percent of sales, are all produced by the same company but targeted for different uses. The smaller canned chicken and canned stews categories both find one company with over a 90 percent share.

BRAND SHARE OF CATEGORY

DRY GROCERY (FOOD)

PACKAGED SPECIALTY FOODS

Continued

(BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE / CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Hash, Canned	57.4	33.4 90.8	—	1	2	2	2	91.4
Instant Hot Lunches	33.7	21.4 55.1	18.6 73.7	2	3	4	NR	88.2
Liver Sausage	48.0	14.7 62.7	6.0 68.7	2	3	NR	NR	97.1
Mexican Foods	29.8	17.7 47.5	6.2 53.7	3	6	10	NR	57.3
Pasta, Canned	51.6	36.9 88.5	1.8 90.3	1	2	2	3	81.3
Pasta, Pkg'd.	18.7	10.0 28.7	9.2 37.9	5	10	16	NR	57.7
Pork Sausages	12.2	10.7 22.9	9.4 32.3	7	14	NR	NR	69.5
Potatoes, Instant	27.0	17.7 44.7	14.0 58.7	3	4	6	NR	66.1
Rice	30.6	12.3 42.9	6.6 49.5	4	7	10	NR	77.2
Soup, Canned	61.7	14.7 76.4	6.8 83.2	1	2	2	7	63.4
Soup, Dry Mix, Bouillon Cubes	32.3	13.2 45.5	12.5 58.0	3	5	6	NR	48.7
Stews, Canned	92.0	3.3 95.3	—	1	1	1	1	97.3
Tuna, Canned	31.3	31.3 62.6	14.4 77.0	2	3	3	8	66.9
AVERAGE	**40.0**	**14.8** **54.8**	**8.2** **63.0**					**74.4**

Heavily merchandised canned tuna finds the two top brands registering identical brand shares of 31.3 percent. The many specials that stores offer on canned tuna may help explain the relatively low percentage of loyal, i.e., one-brand, users at 66.9 percent.

Mexican foods also show a low incidence of one-brand users (57.3 percent), as shoppers dip into different brands to choose different types of specialty products. Brand diffusion is greatest for frankfurters/weiners, as Mediamark tabulates 27 different brand choices in addition to private label and generic.

SPICES/EXTRACTS/ MISC. GROCERY

(BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE / CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Extracts	36.2	21.5 57.7	4.4 62.1	2	NR	NR	NR	88.4
Meat/Fish Extenders	91.1	5.8 96.9	—	1	1	1	1	90.2
Nonstick Cooking Products (Aerosol)	67.4	12.8 80.2	9.5 89.7	1	1	2	4	85.1
Salt	64.6	8.3 72.9	8.2 81.1	1	2	3	NR	93.0
Salt Substitutes	49.2	16.8 66.0	14.3 80.3	2	3	3	NR	93.9
Seasonings, Spices	24.0	14.0 38.0	13.7 51.7	3	6	8	15	44.3
AVERAGE	**55.4**	**13.2** **68.6**	**8.4** **77.0**					**82.5**

Shoppers seeking help with their menus in the meat/fish extenders section mostly maintain their allegiance to the brand that established this genre, giving it a whopping 91.1 percent share of sales, and a 90.2 percent incidence of one-brand shoppers. Infrequently purchased salt and salt substitutes also show high one-brand usage. For seasonings and spices, however, where lines include dozens of different items, shoppers spread their choices over several brands.

SOFT DRINKS

(BASE = ADULTS)	THREE TOP BRANDS (% of sales) SHARE / CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Cola Drinks, Regular, Not Diet	40.8	36.4 77.2	5.0 82.2	2	2	2	8	63.7
Cola Drinks, Diet	32.1	23.2 55.3	7.9 63.2	2	4	5	12	59.2
Soft Drinks, Reg. (Not Cola)	16.8	10.5 27.3	9.6 36.9	5	9	14	NR	53.9
Soft Drinks, Diet (Not Cola)	24.7	10.6 35.3	8.3 43.6	4	8	11	NR	69.2
Water, Bottled	16.6	8.6 25.2	8.3 33.5	7	NR	NR	NR	48.4
AVERAGE	**26.2**	**17.9** **44.1**	**7.8** **51.9**					**58.9**

NR—Not Reported Source: Mediamark Research Inc.

Both diet and regular colas show more domination by their brand leaders than do their non-cola counterparts. This means that to satisfy any pre-determined sales goal, many more brands of non-colas must be stocked than colas. Just what brands those are, however, are strongly influenced by regional variations in taste. A substantial four out of six cola drinkers stray beyond their regular brand.

BRAND SHARE OF CATEGORY

DRY GROCERY (FOOD)

FAMILY BEVERAGES	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
Coffee, Ground	19.1	11.1	30.2	9.7	39.9	5	8	11	NR	68.1
Coffee, Instant or Freeze Dried	16.7	15.4	32.1	12.6	44.7	4	6	7	17	69.4
Cream Substitute, Non-Dairy	56.7	14.5	71.2	10.5	81.7	1	2	3	NR	92.1
Drink Additives	26.7	13.0	39.7	12.2	51.9	3	5	7	13	61.2
Energy Drinks	86.9	1.5	88.4	—		1	1	1	NR	98.4
Milk, Dry	44.2	5.4	49.6	3.2	52.8	3	NR	NR	NR	92.6
Milkshakes/Milkshake Mixes	64.0	29.8	93.8	—		1	2	2	2	97.5
Powdered Soft Drinks	34.7	20.3	55.0	5.2	60.2	2	5	7	NR	57.2
Tea, Instant	48.6	37.5	86.1	1.5	87.6	2	2	2	NR	87.3
Tea, Regular	35.2	16.3	51.5	5.0	56.5	2	6	9	NR	62.3
Iced Tea Mix, Instant	39.5	33.5	73.0	3.6	76.6	2	2	3	NR	83.0
AVERAGE	**42.9**	**18.0**	**60.9**	**5.8**	**66.7**					**79.0**

Both ground coffee and instant or freeze-dried coffee share remarkably similar profiles, with the #1 brand achieving less than a 20 percent share, and the top three cumulative share at about 40 percent. These coupon-blitzed categories maintain a relatively high degree of brand loyalty, with only three out of 10 users reporting multiple-brand usage.

Just two brands dominate the instant ice tea mix category, with their joint share 73.0 percent. Similarly, two brands provide 55.0 percent of sales for the powdered soft drinks category, with lesser brands adding only small bites.

WINE	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2		#3		50%	67%	75%	90%	
Vermouth	48.7	16.3	65.0	8.5	73.5	2	3	4	NR	80.5
Wine, Domestic, Dinner Table	19.2	10.8	30.0	8.8	38.8	5	13	20	NR	66.6
Wine, Imported, Dinner Table	32.2	7.3	39.5	6.4	45.9	4	9	NR	NR	74.3
Wine, Sparkling, Cold Duck, Champagne	21.5	11.4	32.9	7.5	40.4	5	12	NR	NR	75.6
Wine, Dessert/Port/Sherry	27.6	23.8	51.4	12.3	63.7	2	4	5	NR	81.3
Wine, Party/Pop/Sangria	15.7	14.2	29.9	11.6	41.5	4	6	7	NR	77.6
Wine, Aperitif & Specialty	36.8	27.5	64.3	21.7	86.0	2	3	3	NR	90.7
AVERAGE	**28.8**	**15.9**	**44.7**	**11.0**	**55.7**					**78.1**

With the the many kinds of domestic and imported wines being offered, it's difficult for brands to dominate their categories. The exception is vermouth, which is more often a bar staple to be mixed with other drinks than a beverage on its own. Drinkers of domestic dinner table wine are most prone to experiment with more than one label and appreciate finding a variety of choices when they shop.

SNACKS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2		#3		50%	67%	75%	90%	
Corn/Tortilla Chips & Cheese Snacks	24.2	11.9	36.1	9.1	45.2	4	8	10	16	38.6
Nuts	41.1	9.8	50.9	8.1	59.0	2	5	NR	NR	81.3
Potato Chips	20.9	18.2	39.1	6.8	45.9	4	8	13	NR	60.8
Popping Corn, Popcorn Snacks	19.7	16.8	36.5	9.0	45.5	4	10	NR	NR	73.2
Pretzels	16.6	14.6	31.2	12.3	43.5	4	6	8	NR	75.1
Snack Bars	26.0	20.2	46.2	15.6	61.8	3	4	5	9	55.1
AVERAGE	**24.7**	**15.2**	**39.9**	**10.2**	**50.1**					**64.0**

NR—Not Reported Source: Mediamark Research Inc.

At 24.7 percent, the average brand share represented by #1 snack brands is the lowest of any food class in this report. The only exception to this pattern of diffuse brand leadership is nuts, where #1 manages a substantial 41.1 percent share. The two other sales heavies—potato chips and corn/tortilla chips and cheese snacks—share almost twin profiles, with the top three brands accounting for about 45 percent of sales, and eight brands needed to equal 67 percent of sales.

DRY GROCERY\(FOOD)

LIQUOR/COCKTAIL MIXES

LIQUOR/COCKTAIL MIXES	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1 SHARE	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Bourbon	30.0	15.3	45.3	7.8	53.1	3	6	8	NR	71.2
Brandy	26.2	16.1	42.3	11.3	53.6	3	6	10	NR	82.6
Canadian Whiskey	20.4	19.7	40.1	15.9	56.0	3	4	5	8	76.1
Cognac	35.0	26.0	61.0	20.8	81.8	2	3	3	4	74.2
Cordials/Liqueurs	15.2	13.6	28.8	11.1	39.9	5	9	12	21	46.0
Gin	18.3	16.4	34.7	14.0	48.7	4	5	6	NR	71.7
Irish Whiskey	42.7	26.2	68.9	12.0	80.9	2	2	3	NR	90.2
Prepared Mixed Drinks (with liquor)	20.2	15.0	35.2	13.5	48.7	4	NR	NR	NR	81.3
Prepared Mixed Drinks (without liquor)	32.4	16.0	48.4	14.1	62.5	3	4	4	6	83.3
Rum	61.8	9.1	70.9	5.3	76.2	1	2	3	NR	82.4
Rye or Blended Whiskey	48.1	12.0	60.1	9.3	69.4	2	3	4	NR	83.5
Scotch Whiskey	13.9	13.1	27.0	9.7	36.7	5	8	11	NR	62.4
Tequila	43.1	10.2	53.3	5.1	58.4	2	6	NR	NR	86.3
Vodka	33.0	11.2	44.2	6.3	50.5	3	9	13	NR	77.1
AVERAGE	**31.5**	**15.7**	**47.2**	**11.2**	**58.4**					**76.3**

The dominance of the #1 brand of rum is so forceful that its name is almost a synonym for that beverage. The three other categories where #1 captures more than 40 percent of sales are rye or blended whiskey (48.1), tequila (43.1) and Irish whiskey (42.7). Another link among these four categories is their above-average incidence of one-brand users.

The lowest category for one-brand users, and the second-lowest (after Scotch) in #1 brand share is cordials/liqueurs, where hosts often buy several brands to anticipate their guests' tastes. Cordials/liqueurs and Scotch, along with brandy and vodka, are the categories which demand the most brands be stocked.

BEER

BEER	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1 SHARE	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Ale	45.3	15.3	60.6	8.4	69.0	2	3	4	8	79.5
Beer, Domestic/Low Calorie	41.1	18.3	59.4	15.9	75.3	2	3	3	7	64.8
Beer, Domestic, Regular	26.8	11.8	38.6	8.2	46.8	4	7	9	19	58.1
Beer, Imported	32.0	12.8	44.8	11.0	55.8	3	5	6	NR	57.1
Beer, Low Alcohol	40.6	31.2	71.8	8.5	80.3	2	2	3	5	97.3
Malt Liquor	29.3	25.5	54.8	17.2	72.0	2	3	4	5	76.7
AVERAGE	**35.9**	**19.2**	**55.1**	**11.5**	**66.6**					**72.3**

Regular domestic beer shows the widest dispersion among several brands, with 19 needed to account for 90 percent of sales. Ale, low calorie domestic beer and low-alcohol beer are all dominated by a #1 brand that soaks up over 40 percent of sales. Drinkers of low-alcohol beer are most likely to buy only one brand, perhaps in part a reflection of still-limited choices offered by some retailers.

SAUCES

SAUCES	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1 SHARE	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Barbecue & Seasoning, Bottled	17.5	14.2	31.7	12.6	44.3	4	6	8	NR	43.8
Gravy/Sauce Mixes	21.0	16.1	37.1	11.8	48.9	4	5	6	9	73.4
Soy Sauce	47.1	35.1	82.2	13.2	95.4	2	2	2	3	90.3
Spaghetti Sauce	25.4	24.3	49.7	10.0	59.7	3	4	6	10	66.9
AVERAGE	**27.7**	**22.4**	**50.1**	**11.9**	**62.0**					**68.6**

In the competitive spaghetti sauce category, two brands head the pack with close to one-quarter of sales each. Soy sauce is top loaded in brand strength, with three brands producing 95.4 percent of total sales. One-brand users are highest for soy sauce, probably in part because of less frequent purchases than for other sauces.

NR—Not Reported Source: Mediamark Research Inc.

BRAND SHARE OF CATEGORY

DRY GROCERY (NON-FOOD)

SOAPS (NON-LAUNDRY)	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1 SHARE	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Bar Soap, Personal Care	16.6	14.0	30.6	10.6	41.2	5	8	10	16	47.1
Liquid Soap, Personal Care	28.2	22.9	51.1	14.5	65.6	2	4	5	8	83.1
Automatic Dishwashing Detergent	58.9	11.9	70.8	6.0	76.8	1	2	3	NR	77.0
Dishwashing Liquid	26.2	16.5	42.7	14.4	57.1	3	4	5	9	70.6
Hand Cleaners, Heavy Duty	49.3	21.6	70.9	20.4	91.3	2	2	3	3	90.3
AVERAGE	**35.8**	**17.4**	**53.2**	**13.2**	**66.4**					**73.6**

Coming clean with buyers of personal care bar soap means stocking several brands (Mediamark records purchase patterns for 29 brands in addition to private label and generic). Loyalty is below average (47.1 percent), as users try various brands rather than sticking with one favorite. The strongest impression made by a #1 brand is in the automatic dishwashing detergent category (58.9 percent).

HOUSEHOLD CLEANERS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1 SHARE	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Carpet/Rug Cleaners	32.0	15.0	47.0	12.9	59.9	3	4	6	12	75.5
Drain Cleaners	31.6	29.1	60.7	25.1	85.8	2	3	3	5	86.1
Floor Wax/Polish	33.5	15.2	48.7	11.0	59.7	3	4	6	10	76.6
Furniture Polish	27.8	13.9	41.7	13.4	55.1	3	5	6	11	65.0
Glass Cleaners	51.3	30.1	81.4	3.4	84.8	1	2	2	5	84.2
Household Cleaners	19.3	9.0	28.3	7.7	36.0	6	9	11	18	25.4
In-Bowl Toilet Cleaners	29.0	16.1	45.1	15.0	60.1	3	4	5	7	82.9
In-Tank Toilet Cleaners	15.6	15.4	31.0	13.8	44.8	4	5	6	9	79.4
Metal Polish	26.4	15.1	41.5	12.9	54.4	3	5	6	9	71.9
Oven Cleaners	33.4	22.9	56.3	20.3	76.6	2	3	3	4	53.4
Scouring Pads	49.2	32.7	81.9	3.7	85.6	2	2	2	5	75.5
Scouring Powder	58.1	27.0	35.1	5.3	90.4	1	2	2	3	79.3
AVERAGE	**33.9**	**20.1**	**54.0**	**12.0**	**66.0**					**71.3**

Heaviest concentration among brand leaders is found in the scouring powder and glass cleaners categories, both of which show a #1 brand with more than a 50 percent share. For both of these categories, only a handful of brands will satisfy 75 percent or even 90 percent of demand.

On the other end of the scale, brand shares are quite diffused among household cleaners, a broad category that includes brands designed for several specialized tasks. This means that most consumers need to use more than one of these brands to accomplish all their cleaning duties, as reflected in the very low (25.4 percent) incidence of one-brand users.

PAPER/PLASTIC PRODUCTS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1 SHARE	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Aluminum Foil	69.9	10.6	80.5	3.3	83.8	1	1	2	NR	88.4
Disposable Cups	62.6	14.3	76.9	5.2	82.1	1	2	2	NR	86.8
Disposable Diapers	30.9	27.4	58.3	22.9	81.2	2	3	3	NR	66.2
Disposable Household Wipes	72.8	12.4	85.2	2.7	87.9	1	1	2	NR	93.5
Disposable Plates	21.6	14.5	36.1	5.8	41.9	5	NR	NR	NR	80.9
Facial Tissues	28.9	17.5	46.4	12.3	58.7	3	5	6	NR	67.9
Kitchen Wrap, Plastic	31.4	23.7	55.1	21.2	76.3	2	3	3	4	76.9

The three billion-dollar-a-year best sellers in this department (according to SB's Consumer Expenditures Study, September 1985) are disposable diapers, paper towels and toilet paper. While three brands pretty much tell the story in the case of disposable diapers (equalling 81.2 percent of sales), the top three brands in paper towels (54.1 percent) and toilet paper (46.4 percent) fall far short of that achievement, necessitating the stocking of nine brands to achieve a 75 percent sales goal.

NR—Not Reported Source: Mediamark Research Inc.

BRAND SHARE OF CATEGORY

DRY GROCERY (NON-FOOD)

PAPER/PLASTIC PRODUCTS
Continued

(BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE / CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Oven Cooking Bags	88.6	3.8 92.4	—	1	1	1	2	97.7
Paper Napkins	17.2	13.8 31.0	12.2 43.2	4	8	11	NR	80.2
Paper Towels	26.5	14.1 40.6	13.5 54.1	3	6	9	NR	64.6
Plastic Garbage Bags/ Trash Can Liners	33.7	25.3 59.0	2.9 61.9	2	NR	NR	NR	73.6
Plastic Sandwich/Food/Freezer Bags	32.1	22.7 54.8	21.5 76.3	2	3	3	NR	66.2
Pre-Moistened Cleaning Wipes	39.1	11.4 50.5	10.9 61.4	2	4	5	NR	71.6
Toilet Paper	23.4	11.9 35.3	11.1 46.4	4	6	9	NR	60.8
Waxed Paper	68.6	15.2 83.8	2.9 86.7	1	1	2	5	94.1
AVERAGE	**43.2**	**15.9** **59.1**	**9.9** **69.0**					**83.5**

These three categories share a seepage in brand loyalty, with about one-third of users identifying themselves as multi-brand users. This may be explained in part by the heavy promotional exposure they receive both in weekly specials and coupon distribution. Paper napkins show the lowest concentration among the three leading brands.

HOUSEHOLD SUPPLIES

(BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE / CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Cellophane Tape	65.2	21.6 86.8	4.2 91.0	1	2	2	3	88.4
Indoor Insecticides	34.3	22.2 56.5	12.7 69.2	2	3	5	NR	82.2
Insect Repellants	40.3	20.9 61.2	19.9 81.1	2	3	3	5	84.3
Light Bulbs	36.4	23.9 60.3	13.5 73.8	2	3	4	NR	79.8
Outdoor Insecticides	45.2	18.3 63.5	14.5 78.0	2	3	3	NR	81.9
Roach Traps	42.3	27.3 69.6	20.8 90.4	2	2	3	3	85.6
Rubber Gloves	81.6	4.7 86.3	—	1	1	1	NR	97.5
Sprays/Room Deodorizers	17.0	13.9 30.9	11.0 41.9	4	7	9	13	64.2
Water Conditioners	55.4	30.0 85.4	—	1	2	2	NR	96.6
AVERAGE	**46.4**	**20.3** **66.7**	**10.7** **77.4**					**84.5**

In only one of the categories shown here—sprays/room deodorizers—is more than a few leading brands needed to satisfy the overwhelming proportion of shopper demand. Deodorizers show a below-average incidence of one-brand users as different brands are favored for different purposes (bathroom versus kitchen etc.). For products like rubber gloves, cellophane tape and water conditioners, the #1 brands exhibit an elephantine dominance.

PET PRODUCTS

(BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE / CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Dog Food, Canned	24.2	17.6 41.8	17.3 59.1	3	4	5	NR	69.6
Dog Food, Dry	19.0	6.2 25.2	5.0 30.2	9	NR	NR	NR	74.9
Dog Food, Moist	39.0	22.6 61.6	9.7 71.3	2	3	NR	NR	61.8
Cat Food, Canned	29.2	19.2 48.4	16.5 64.9	3	4	5	NR	63.3
Cat Food, Dry	21.9	12.9 34.8	9.5 44.3	4	8	10	NR	61.2
Cat Food, Moist	53.9	17.4 71.3	9.1 80.4	1	2	3	NR	80.6
Dog Biscuits, Treats	29.3	14.0 43.3	10.9 54.2	3	5	6	11	59.6
Cat Litter	21.4	15.1 36.5	11.9 48.4	4	6	NR	NR	75.2
Flea/Tick Care Products	43.8	25.2 69.0	9.1 78.1	2	2	3	NR	83.2
AVERAGE	**31.3**	**16.7** **48.0**	**11.0** **59.0**					**69.9**

Small wonder that pet food departments are bulging with bags of dry dog food. Only one brand (#1 with a 19.0 percent share) captures more than 6 percent of sales, with about a dozen brands maintaining low single-digit shares. With dog owners showing higher brand loyalty for dry foods than for canned or moist, picking enough—and the correct—brands to stock can be a Great Dane-sized problem. In the cat food sector too, less brand leadership is evidenced in dry rather than in either canned or moist.

NR—Not Reported
Source: Mediamark Research Inc.

DRY GROCERY (NON-FOOD)

TOBACCO (BASE = ADULTS)	THREE TOP BRANDS (% of sales) SHARE/CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Cigarettes	10.3	4.4 14.7	4.2 18.9	16	33	44	88	80.2
Cigarillos, Little Cigars	17.5	11.7 29.2	10.8 40.0	4	NR	NR	NR	93.1
Cigars*	19.5	12.6 32.1	10.5 42.6	4	7	NR	NR	77.9
Pipe Tobacco*	11.6	8.5 20.1	8.4 28.5	NR	NR	NR	NR	82.7
Chewing/Smokeless Tobacco*	32.4	23.3 55.7	14.5 70.2	2	3	4	NR	79.8
Disposable Lighters	79.3	14.0 93.3	1.9 95.2	1	1	1	3	83.8
AVERAGE	**28.4**	**12.4** **40.8**	**8.4** **49.2**					**82.9**

To maintain the patronage of brand-loyal cigarette smokers who'd rather take flight (to another store) than switch, supermarkets long ago conceded the importance of stocking as many brands as possible. The other smokables also show a pattern of many brands competing for and then holding their own small brand-share niche. For smokeless, however, just three brands account for 70.2 percent of sales.

***BASE = MEN**

LAUNDRY SUPPLIES (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE/CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
Bleach	51.6	19.6 71.2	6.7 77.9	1	2	3	NR	73.8
Fabric Softeners	26.7	24.8 51.5	11.5 63.0	2	4	5	11	73.3
Laundry Detergent	9.6	8.5 18.1	7.1 25.2	8	13	17	NR	52.4
Laundry, Pre-Cleaners/ Pre-Treatments	18.4	16.8 35.2	15.0 50.2	3	5	6	14	72.4
Soap/Detergent, Fine Fabrics	31.6	9.1 40.7	8.8 49.5	4	8	11	19	80.6
Starch	25.9	20.1 46.0	17.6 63.6	3	4	4	5	83.9
AVERAGE	**27.3**	**16.5** **43.8**	**11.1** **54.9**					**72.7**

With Mediamark tabulating usage of 33 laundry detergent brands, it's not surprising that the three leaders satisfy only one-quarter of demand. Incessant couponing for both established and new brands has apparently helped batten down one-brand users to a thin 52.4 percent. Brand leadership is most assertive in the bleach category, with #1 taking over half of sales. For both the regular and fine fabric varieties of detergents a double-digit number of brands must be stocked to meet 75 percent of demand.

DAIRY

DAIRY (BASE = FEMALE HOMEMAKERS)	THREE TOP BRANDS (% of sales) SHARE/CUM- #1	#2	#3	NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL 50%	67%	75%	90%	ONE-BRAND USERS (% of Total Users)
American, Past. Processed Cheese	29.4	22.4 51.8	5.6 57.4	2	6	NR	NR	75.7
Butter	44.4	6.7 51.1	3.3 54.4	2	NR	NR	NR	89.0
Cheese Spread	31.2	4.2 35.4	4.1 39.5	NR	NR	NR	NR	87.1
Cream Cheese	77.9	2.7 80.6	2.2 82.8	1	1	1	NR	89.7
Dips, Ready To Serve	24.0	11.3 35.3	10.4 45.7	4	NR	NR	NR	80.9
Margarine	18.2	16.4 34.6	14.1 48.7	4	8	12	NR	58.9
Orange Juice, Not Frozen	25.0	19.5 44.5	14.8 59.3	3	5	8	NR	72.3
Refrigerated Dough Products	24.6	13.8 38.4	9.3 47.7	4	6	8	NR	65.0
Sour Cream	19.1	17.9 37.0	12.7 49.7	4	NR	NR	NR	93.2
Yogurt	23.2	15.0 38.2	10.9 49.1	4	9	13	NR	64.2
Yogurt Drinks	50.3	18.2 68.5	8.5 77.0	1	2	3	NR	83.0
AVERAGE	**33.4**	**13.5** **46.9**	**8.7** **55.6**					**78.1**

NR—Not Reported   Source: Mediamark Research Inc.

One of the most heavily merchandised categories in dairy is margarine, where coupons strongly vie with personal tastes in brand choice. With so many brands fighting for share here, it's small wonder that the incidence of one-brand users is lower than for any other dairy category, and that more brands are needed to satisfy 67 percent or 75 percent of demand. In contrast, the #1 butter brand commands 44.4 percent of sales and the share of one-brand users is an impressive 89.0 percent.

BRAND SHARE OF CATEGORY

FROZEN FOODS

FROZEN FOODS	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Breaded Boneless Chicken	27.8	25.9	53.7	17.2	70.9	2	3	4	NR	73.2
Fried Chicken	62.9	12.8	75.7	9.4	85.1	1	2	2	4	78.6
Complete Breakfast	90.4	—		—		1	1	1	1	69.3
Complete Dinners	29.6	16.6	46.2	15.9	62.1	3	4	5	7	58.5
Cornish Hens	33.5	24.4	57.9	13.1	71.0	2	3	4	NR	61.2
Corn-On-The-Cob	44.6	38.5	83.1	7.0	90.1	2	2	2	3	84.6
Desserts	19.1	13.7	32.8	9.4	42.2	4	7	9	18	55.6
Main Courses	24.0	18.8	42.8	15.1	57.9	3	4	5	8	53.5
Orange Juice	29.0	10.8	39.8	8.5	48.3	4	8	12	NR	64.9
Pancakes/French Toast	42.7	29.0	71.7	6.2	77.9	2	2	3	6	80.8
Pizza	16.7	14.4	31.1	9.2	40.3	5	7	9	NR	66.6
Potato Products	36.5	18.2	54.7	17.0	71.7	2	3	4	NR	56.9
Vegetables, Plain	21.4	16.2	37.6	4.1	41.7	6	NR	NR	NR	52.4
Vegetables, Prepared	37.1	31.9	69.0	5.8	74.8	2	2	4	NR	59.6
Waffles	40.5	28.1	68.6	18.2	86.8	2	2	3	5	82.1
Yogurt	24.0	22.5	46.5	13.5	60.0	3	4	NR	NR	87.1
AVERAGE	**36.2**	**20.1**	**56.3**	**10.6**	**66.9**					**67.8**

The frozen foods department is the traditional site of one of the hardest-fought battles in the supermarket for space. Marginal brands live in constant threat of being exiled and new brands must mount a determined assault to win admittance.

Against this perspective, we find only three categories where more than five brands are needed to satisfy 75 percent of demand: desserts and pizza (nine each) and orange juice (12).

The need to stock so many brands, however, is tempered by indications that brand loyalty is below average, as indicated by anemic incidence of one-brand users. For fried chicken, complete breakfasts and waffles, the top three brands satisfy about 90 percent of demand.

GENERAL MERCHANDISE

AUTO SUPPLIES	THREE TOP BRANDS (% of sales) SHARE / CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Anti-Freeze	67.5	6.0	73.5	4.5	78.0	1	1	3	7	93.9
Auto Wax/Polish	16.3	12.1	28.4	7.8	36.2	[illegible]	10	14	23	83.0
Gasoline Additives	46.1	12.6	58.7	8.7	67.4	2	3	NR	NR	90.9
Motor Oil	22.3	21.4	43.7	13.3	57.0	3	5	8	20	83.0
Motor Oil Additives	36.4	19.0	55.4	2.5	57.9	2	NR	NR	NR	97.0
AVERAGE	**37.7**	**14.2**	**51.9**	**7.4**	**59.3**					**89.6**

Brand leader in the auto supplies categories is strongest in antifreeze, where #1 carries off over two-thirds of sales. At the other end of the line, both motor oil and auto wax and polishes spread their sales over a galaxy of brands, with 20 or more being listed to achieve a 90-percent-of-sales goal. For all the auto supplies categories, the incidence of one-brand usage is high, suggesting that failure to stock a customer's preferred brand may send him shopping elsewhere.

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NR—Not Reported Source: Mediamark Research Inc.

BRAND SHARE OF CATEGORY

Continued from page 44

GENERAL MERCHANDISE

GENERAL MERCHANDISE	THREE TOP BRANDS (% of sales) SHARE / CUM-			NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2	#3	50%	67%	75%	90%	
Batteries	45.1	27.7 72.8	20.9 93.7	2	2	3	3	66.7
Film	74.4	7.2 81.6	6.6 88.2	1	1	2	4	80.9
Indoor Plant Food	35.9	15.1 51.0	13.2 64.2	2	4	4	NR	92.8
Pantyhose/Stockings	33.0	20.6 53.6	5.8 59.4	2	5	NR	NR	71.4
Video Tape/Discs (Purchase)	16.7	16.5 33.2	14.5 47.7	4	5	6	NR	48.4
AVERAGE	**41.0**	**17.4** **58.4**	**12.2** **70.6**					**72.0**

In the film category (which includes cartridges, disks and instant developing film in addition to rolls) the #1 brand achieves three quarters of sales, with the runner-up at only 7.2 percent. Two brands account for 53.6 percent of pantyhose/stockings sales, with three out of 10 users reporting multiple-brand purchase. No strong brand leaders have emerged in the fast-growing videotapes/disks sectors, as users presumably are unable to discern brand-to-brand quality differences.

HEALTH & BEAUTY AIDS

BABY/CHILDREN HBA	THREE TOP BRANDS (% of sales) SHARE / CUM-			NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = FEMALE HOMEMAKERS)	#1	#2	#3	50%	67%	75%	90%	
Baby Lotion	54.4	20.9 75.3	17.0 92.3	1	2	2	3	88.0
Baby Oil	65.7	14.8 80.5	—	1	2	2	NR	91.4
Baby Ointments	46.2	26.6 72.8	17.6 90.4	2	2	3	3	78.6
Baby Powder	58.6	13.6 72.2	12.4 84.6	1	2	3	5	82.6
Baby Shampoo	76.6	5.7 82.3	4.5 86.8	1	1	1	NR	93.4
Childrens Cold Tablets	33.7	31.5 65.2	16.6 81.8	2	3	3	NR	88.4
Childrens Cough Syrup	16.9	10.6 27.5	8.9 36.4	NR	NR	NR	NR	94.0
Childrens Fever Reducers/ Pain Relievers	40.4	9.4 49.8	9.0 58.8	3	5	7	NR	74.3
Liquid Baby Bath	54.0	31.6 85.6	—	1	2	2	NR	93.0
Soap For Baby	44.1	28.7 72.8	12.3 85.1	2	2	3	NR	88.2
Teething Remedies	50.1	28.4 78.5	17.3 95.8	1	2	2	3	92.0
Vitamins, Childrens	11.5	11.5 23.0	10.4 33.4	6	9	11	NR	83.0
AVERAGE	**46.0**	**19.4** **65.4**	**10.5** **75.9**					**87.2**

Finding the "best" product to treat babies and young children is a high priority among mothers, as evidenced by the unusually high percent in almost every category who are one-brand users. Even where there is no dominant brand or brands, as is the case with children's cough syrup, mothers obviously believe they have chosen the best brand and remain loyal to it.

Most of the categories have strong entries among the top three brands, with their overall category average of a 75.9 percent share of sales the fourth highest among the 36 product classes shown in this report. The 87.2 percent average for one-brand users is also one of the highest.

COSMETICS (WOMEN)	THREE TOP BRANDS (% of sales) SHARE / CUM-			NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = WOMEN)	#1	#2	#3	50%	67%	75%	90%	
Blusher	11.3	10.7 22.0	9.7 31.7	6	9	12	26	81.7
Complexion Care	18.3	8.3 26.6	7.2 33.8	9	25	NR	NR	69.8
Eye Liner	27.5	12.5 40.0	8.3 48.3	4	7	9	NR	82.8
Eye Shadow	17.2	14.4 31.6	11.9 43.5	4	7	9	NR	72.3
Face Powder, Loose	14.0	10.1 24.1	10.0 34.1	6	9	11	NR	90.7
Foundation Makeup	17.5	10.3 27.8	9.0 36.8	6	9	12	24	81.1
Lipstick/Lip Gloss	21.4	10.2 31.6	8.4 40.0	5	10	15	NR	73.4

NR—Not Reported Source: Mediamark Research Inc.

With relatively little room to devote to cosmetics, the multi-item lines are a challenge to HBA buyers. The complexity of the problem is illustrated by nail polish and nail polish removers, both of which command an over-90 percent incidence of one-brand users, women who presumably have found what pleases them and want to keep buying it.

Continued on page 54

instore BUSINESS

FOR DELIS, BAKERIES & FOOD SERVICE

CLASS IN '86 4A
ROBERT DIETRICH
Although universally acknowledged as the class acts of the supermarket, bakeries and delis are in no danger of becoming encrusted with tradition. They're sprinting boldly ahead with new strategies that upgrade everything from their design and equipment to their merchandise mix.

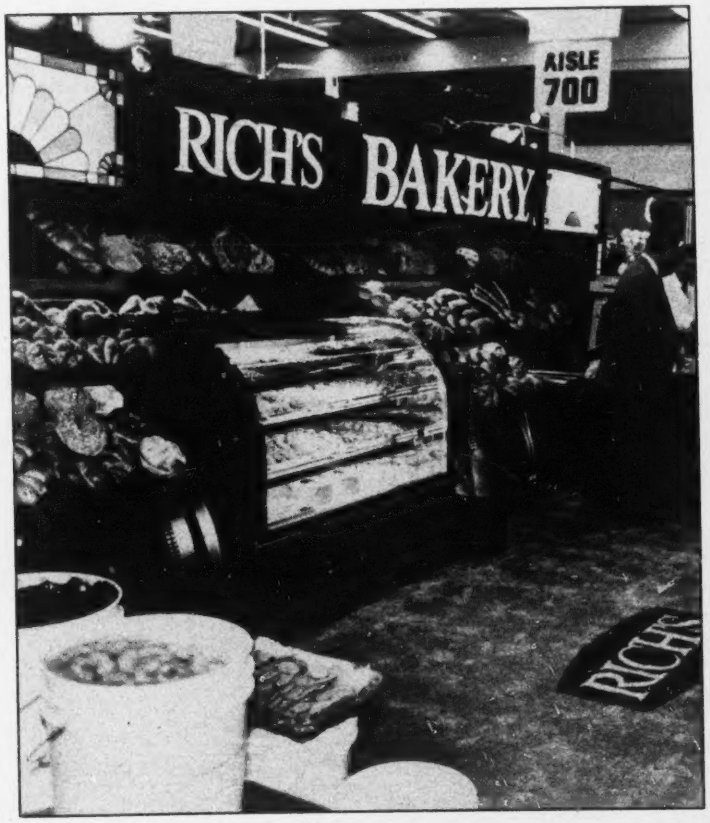
CALLING ALL DELI SUPPLIERS: PLEASE SEND SOME MORE HELP 15A
ROBERT DIETRICH
Our latest research find that merchandisers are looking for more, and better, support from their supplier partners. Their doors are open wide to more demos and, of course, more and bigger allowances.

ROADS TO PROFIT MAPPED AT R.B.A. SESSIONS 21A
ROBERT DIETRICH
Instore executives at this Milwaukee conclave were advised to escalate profits by: (1) improving product presentation, (2) refining hiring and training procedures, and (3) harmonizing departmental concept with that of the overall store.

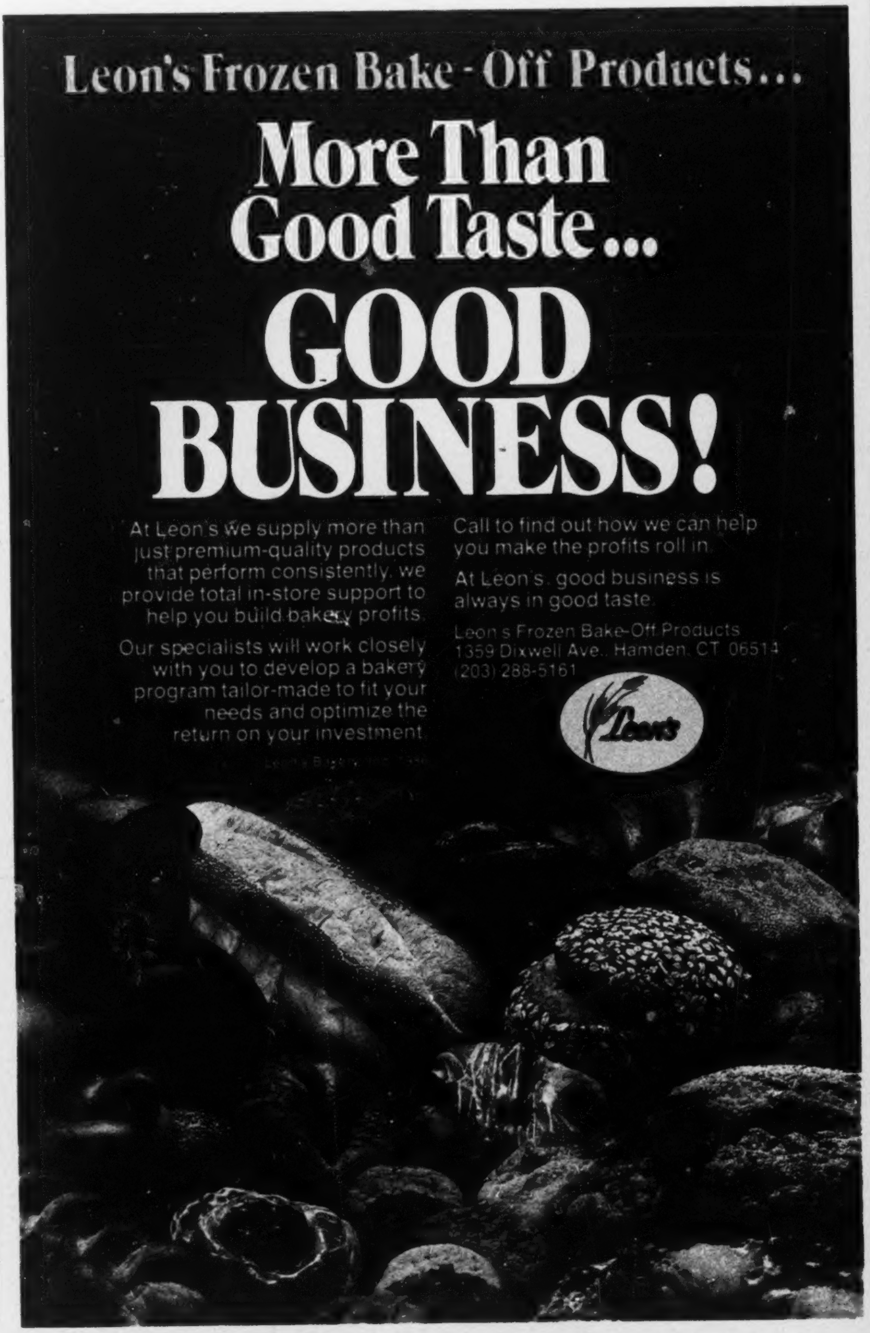
PIZZA SLICES UP SPICY DELI SALES 29A
FRANK HAMMEL
With trendy toppings running the gamut from artichoke to zucchini, pizza reigns as pharoah of fast foods. Delis are counting on the force of fresh-made to vanquish their pepperoni pitstop competition.

AD-ING TO DELI-BAKERY SALES 33A
KEVIN COUPE
Long buried among the necropolis of tombstones that constitutes many supermarket ads, delis and bakeries are at last finding their place in the sun in some innovative new advertising campaigns.

NEW EQUIPMENT 37A
NEW PRODUCTS 38A



R.B.A. sessions. . . . . p. 21A


Leon's Frozen Bake-Off Products...

More Than Good Taste...

GOOD BUSINESS!

At Leon's we supply more than just premium-quality products that perform consistently, we provide total in-store support to help you build bakery profits.

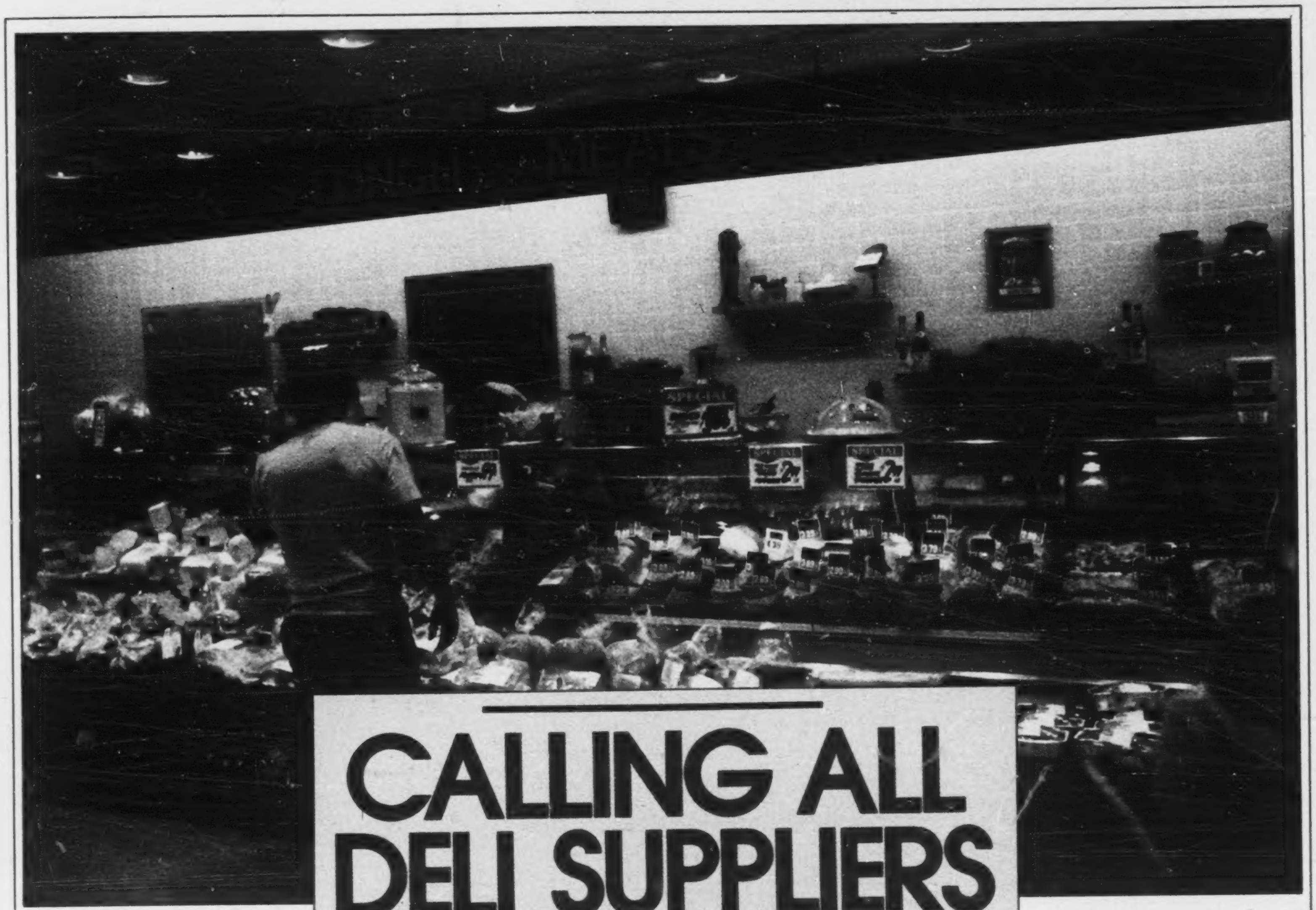
Our specialists will work closely with you to develop a bakery program tailor-made to fit your needs and optimize the return on your investment.

Call to find out how we can help you make the profits roll in.

At Leon's, good business is always in good taste.

Leon's Frozen Bake-Off Products
1359 Dixwell Ave., Hamden, CT 06514
(203) 288-5161

Leon's



CALLING ALL DELI SUPPLIERS

MERCHANDISERS ASK FOR MORE HELP

In their effort to sell to a larger proportion of store shoppers, deli directors are putting more fire under their "hot-priced" specials. A more generous supply of lighter fluid from their suppliers would be welcome.

Four out of five shoppers slip past the service deli without making a purchase during an average trip to their supermarket. A frustrating statistic for merchandisers who tirelessly bait their nets with the "irresistible" bait of "hot-priced" specials.

Sidestepping the debate over whether such specials achieve much more than vandalizing the service-and-quality image of the service deli establishment, let's take a look at the realities of the situation.

Which product classes are getting the most specials to promote them? What quality product is being offered? How is the margin structure altered? In what areas of promotion is more assistance being sought from suppliers? And, by the way, how do deli directors rate the quality of the help they do get from their suppliers?

(NOTE: The research in this article, carried out as part of the "Fourth Annual Operations Review" of INSTORE BUSINESS, reported in the April 1986 issue, was carried out at the request of the International Dairy-Deli Association. The results will be presented by Jeffrey A. Schaeffer, publisher of INSTORE BUSINESS, to IDDA's 22nd Annual Seminar & Exposition in Las Vegas this month.)

Cutting a deal

Fueled by supplier deals and allowances, service delis offer an average of 8.6 price specials a week (see Chart), with sliced meats (3.5), cheeses (2.2) and salads (1.5) dominating the action.

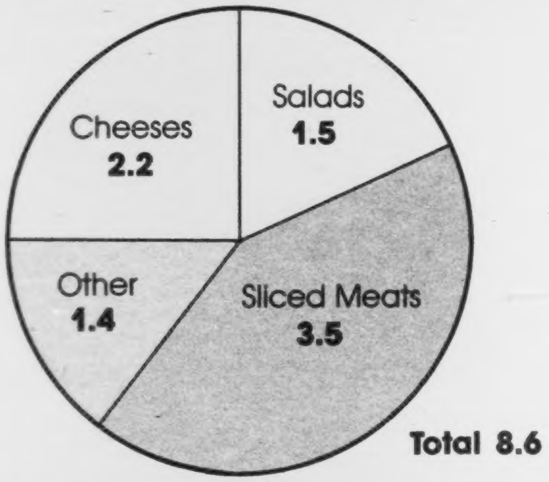
Merchandisers characterize their specials as either "in-ad features," which command a 35.0 percent margin—compared to the 40.0 percent overall departmental average—or as "hot-priced specials," which ratchet the margin down to 28.0 percent, almost a third less than the average.

Cutting down margins, however, is rarely synonymous with cutting down quality. For five product classes, including three meats and two cheeses, virtually every "hot-priced"

The average deli department offers 8.6 price specials a week, as seen in the chart at right, aggressive compared to the 4.8 for instore bakeries revealed in a similar study. In the chart below, while 55 percent of deli directors report their department's overall margin exceeds 40 percent, only 29 percent average that high a margin for their in-ad features, and a mere 5 percent see their margin for hot-priced specials at over 40 percent. Deli directors look to their suppliers for both more, and better quality, help with their instore demos, as seen in the bottom chart. Many feel that this is the single best method of recruiting "converts" for the service deli.

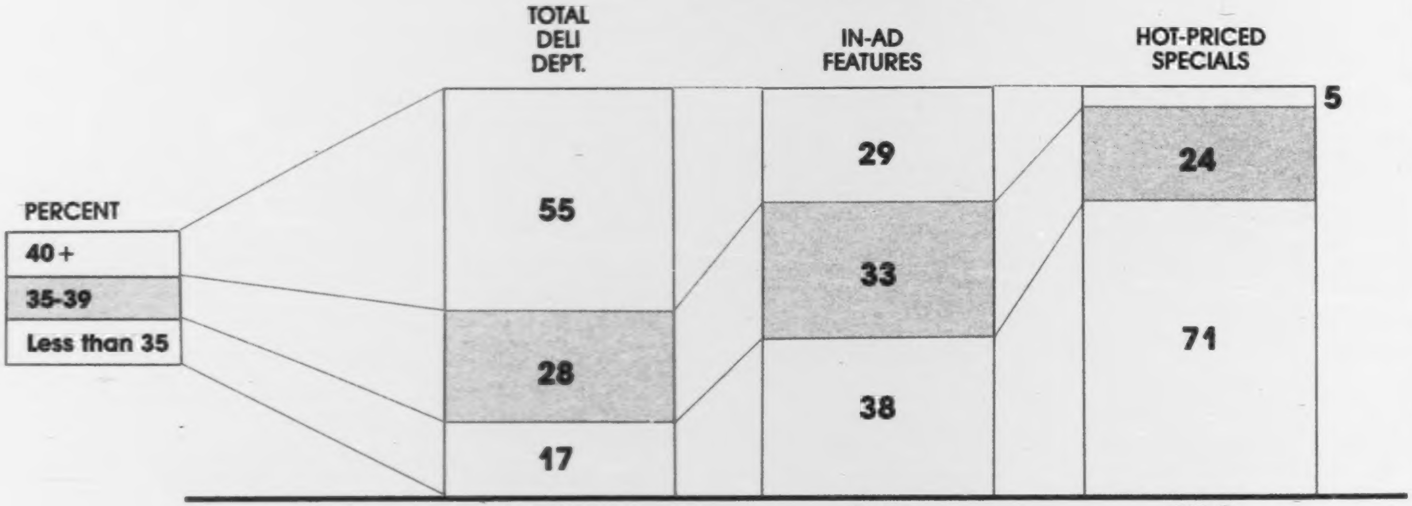
WEEKLY PRICE SPECIAL PROMOTIONS

(Average Number of Price Specials Offered Each Week)



GROSS MARGINS DROP FOR FEATURES AND SPECIALS

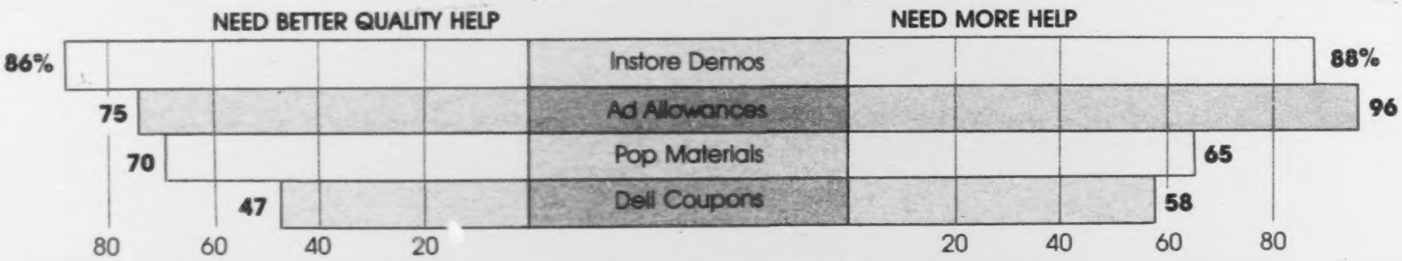
(% Deli Directors Reporting)



	TOTAL DELI DEPT.	IN-AD FEATURES	HOT-PRICED SPECIALS
Mean	38.5	34.7	27.8
Median	40.0	35.0	28.0

WHERE HELP IS NEEDED FROM SUPPLIERS

(% Deli Directors Reporting)



special was built around a regularly stocked brand rather than a short-term visitor. Nobody, it seems,wants to play Russian roulette with a quality image. "If we offered some cheap stuff at a low price," says the director of a midwest chain deli operation, "we'd sure sell a lot. But all the customers would remember later is *where* they bought the junk, not how much they saved. We can't afford that."

Respondents to the survey were asked whether the quality of brands featured in the "hot-priced" specials was top, high, medium or low. Not one admitted to featuring a brand of low quality, and only a handful use medium-quality brands (and then only for cheeses, never for meats). The single product classification where there is the most dedication to top quality is roast beef.

Help wanted

Once the special is authorized, deli directors feel, suppliers should expend more energy in assuring its success in the store. High priority is given to the importance of instore demos, with nine out of 10 looking for both more and better quality help. Also welcome (no surprise here) are juicier ad allowances.

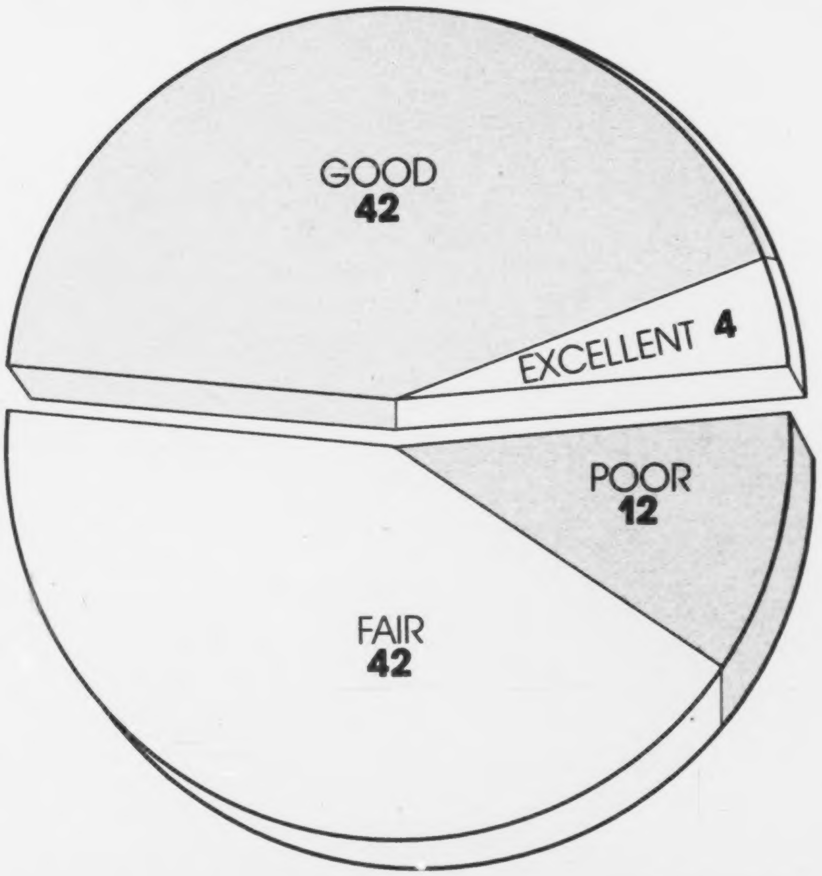
Continued on page 19A

RATING SUPPLIERS' HELP ON DELI ADVERTISING & PROMOTION

(% Deli Directors Reporting)

While, obviously, some individual suppliers would garner higher ratings (and others lower), the general attitude of deli directors is that there's plenty of room for their suppliers to shape up, as seen in the chart.

When choosing a brand for a "hot-priced" special, virtually everybody sticks with his regular brand, rather than bring in something new for a one-shot, as seen in the table below. Poor quality brands are never featured, and medium quality brands are only occasionally chosen for cheese specials, but never for meats.



ONLY QUALITY REGULAR BRANDS STAR AS "HOT-PRICED" SPECIALS

(% Deli Directors Reporting)

	Regular Brand Featured*	Quality of Featured Brand		
		Top	High	Medium
Meat				
Roast Beef	100%	87%	13%	—
Ham	100%	70	30	—
Bologna	96	65	35	—
Cheese				
American Cheese	100	74	17	9
Cheddar	91	70	26	4

Continued from page 16A

Point-of-purchase (POP) materials are also sought, but some suppliers claim that much of what they already supply ends up in the back room rather than out on the selling floor. Taking a global view of vendor-buyer relations, a deli merchandiser for a western chain comments, "We're looking for a complete program from our suppliers, and that means advertising, sampling, demos, detailed information on the products and video training for our employees."

Just how wide is the present gap between supplier programs and customer expectations is demonstrated by the report card suppliers receive. Only 4 percent rate the help they receive on deli advertising and promotion as *excellent*, with another 42 percent saying *good*. On the negative side (constituting a majority), 42 percent opt for *fair* and 12 percent vote for *poor*.

Tempting those other four out of five supermarket shoppers to stop and shop the service deli will obviously take a joint effort by deli management and their suppliers. Well-orchestrated programs for weekly price specials will be just one part, albeit an important one, of the solution. ■

Continued from page 48

HEALTH & BEAUTY AIDS

COSMETICS (WOMEN) *Continued*	THREE TOP BRANDS (% of sales)					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = WOMEN)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Mascara	30.7	15.6	46.3	9.2	55.5	3	5	7	19	83.9
Nail Polish	19.1	14.0	33.1	11.8	44.9	4	6	8	15	96.1
Nail Polish Remover	67.7	15.2	82.9	4.7	87.6	1	1	2	4	93.7
Perfumes/Cologne	15.6	9.6	25.2	4.8	30.0	11	21	33	NR	50.0
Pressed Powder	14.1	12.1	26.2	10.7	36.9	6	10	12	21	88.7
AVERAGE	**22.9**	**11.9**	**34.8**	**8.9**	**43.7**					**80.4**

In the case of nail polish removers, pleasing users is relatively easy, with only two brands needed to account for 82.9 percent of sales. For polishes—where each brand includes a spectrum of hues—however, it takes eight brands just to satisfy a 75-percent-of-sales goal, and 15 to achieve the 90 percent level. Lipsticks present a similar problem, as do blushers.

HAIR CARE (WOMEN)	THREE TOP BRANDS (% of sales)					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = WOMEN)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Depilatories	22.7	21.7	44.4	5.6	50.0	3	NR	NR	NR	93.5
Hair Coloring	15.6	14.6	30.2	12.7	42.9	4	8	11	NR	86.5
Hair Conditioning Products	10.3	8.3	18.6	7.1	25.7	9	16	NR	NR	79.2
Hair Setting Products	13.5	10.8	24.3	10.6	34.9	6	10	NR	NR	87.7
Hair Sprays	11.3	11.1	22.4	10.5	32.9	6	12	17	NR	81.2
Home Permanents	12.4	12.2	24.6	10.0	34.6	5	NR	NR	NR	94.2
Shampoo	8.2	5.7	13.9	4.9	18.8	14	23	37	NR	61.1
Hair Mousse	24.4	19.5	43.9	13.5	57.4	3	4	5	NR	89.2
AVERAGE	**14.8**	**13.0**	**27.8**	**9.4**	**37.2**					**84.1**

Buyers who want to wash the how-many-brands-of-shampoo-should-we-stock problem out of their hair deserve indulgence for their frustration. With no single brand commanding a double-digit share of sales, 37 brands must be stacked up to equal 75 percent of sales. Letting some of the air out of this problem, however, is the evident low brand loyalty incited by shampoo, with four out of 10 users confessing multi brand purchases, presumably in response to coupons, price specials and other inducements to try new or established brands. By contrast, loyalty to colorings is high.

HBA MISC. (WOMEN)	THREE TOP BRANDS (% of sales)					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = WOMEN)	#1	#2		#3		50%	67%	75%	90%	
	SHARE	SHARE	CUM-	SHARE	CUM-					
Bath/Shower Additives	19.4	12.3	31.7	7.1	38.8	5	NR	NR	NR	48.3
Body, Hand, Creams, Lotions, Oils	16.4	9.5	25.9	8.6	34.5	7	13	17	NR	56.3
Deodorant, Antiperspirant	10.6	6.8	17.4	6.2	23.6	10	17	22	38	70.4
Fem. Hyg. Deod. Sprays	43.7	18.7	62.4	15.4	77.8	2	3	3	5	90.2
Fem. Hyg. Douches/Suppositories	48.8	26.0	74.8	7.7	82.5	2	2	3	NR	86.2
Medicated Skin Ointment	24.9	13.0	37.9	11.4	49.3	4	5	NR	NR	86.2
Pre-Menstrual Pain Remedies	32.9	26.5	59.4	8.8	68.2	2	3	5	NR	44.4
Pregnancy Stretch Cream	36.4	24.0	60.4	—		2	NR	NR	NR	98.8
Razor Blades	22.3	19.6	41.9	14.2	56.1	3	6	9	20	92.7
Sanitary Napkins	16.0	14.3	30.3	9.7	40.0	5	8	10	15	59.5
Shaving Cream, Gel	18.7	14.9	33.6	14.4	48.0	4	5	8	23	87.7
Tampons	58.9	24.4	83.3	11.6	94.9	1	2	2	3	86.5
AVERAGE	**29.1**	**17.5**	**46.6**	**9.6**	**56.2**					**75.6**

This potpourri of product categories includes several found in the feminine/hygiene section. Both the deodorant sprays and douches/suppositories feature strong #1 brand leaders, with over 40 percent of sales, and aggressive #2 and #3 brands, which join to bring top three brand share to around the 80 percent level, fortuitous in the perspective of the strong brand loyalty in this sector.

Following the same track, tampons exhibits both strong brand loyalty and brand leadership (#1 delivers 58.9 percent). But sanitary napkins is almost the reverse, with many brands fighting for small shares for a seemingly fickle constituency, where four out of 10 buy more than one brand.

NR—Not Reported Source: Mediamark Research Inc.

BRAND SHARE OF CATEGORY

HEALTH & BEAUTY AIDS

FIRST AID/SKIN CARE	THREE TOP BRANDS (% of sales) SHARE/CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Adhesive Bandages	36.3	17.6	53.9	11.1	65.0	2	4	5	8	80.1
Athlete's Foot Remedies	38.3	15.0	53.3	10.0	63.3	2	4	5	9	85.1
Corn & Wart Removers	44.1	40.2	84.3	—		2	2	2	NR	94.5
Cotton Swabs*	67.3	22.5	89.8	—		1	1	2	NR	88.6
Sunburn Remedies	39.6	25.8	65.4	6.4	71.8	2	3	4	NR	89.5
Sunscreen/Suntan Products	19.1	14.4	33.5	9.9	43.4	5	8	11	NR	72.8
Talcum Powder	36.9	16.4	53.3	16.2	69.5	2	3	5	NR	82.2
AVERAGE	**40.2**	**21.7**	**61.9**	**7.7**	**69.6**					**84.7**

The average share of sales represented by the #1 brand (40.2 percent) is higher for first aid skin care than for any other HBA category. Cotton swabs (often given an on-shelf position in baby care) leads the pack in this regard. The most brand diffusion is found in sunscreen/suntan products, where 11 brands share the top three quarters of sales volume. As consumers seem willing to spend their sun product purchases over two or more brands, however, limited but selective brand stocking may carry the day.

*(BASE = FEMALE HOMEMAKERS)

ORAL HBA	THREE TOP BRANDS (% of sales) SHARE/CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Denture adhesive	20.2	19.8	40.0	9.0	49.0	4	6	7	NR	89.9
Denture Cleaners	45.4	22.2	67.6	15.3	82.9	2	2	3	5	89.1
Dental Floss	76.1	5.3	81.4	3.2	84.6	1	1	1	NR	96.0
Dental Rinse	40.1	37.6	77.7	—		2	2	2	NR	94.2
Mouthwash	29.1	24.9	54.0	11.2	65.2	2	4	5	8	82.0
Toothache, Gum & Canker Remedies	33.8	27.4	61.2	21.0	82.2	2	3	3	6	86.2
Toothbrushes	23.8	17.2	41.0	13.9	54.9	3	7	NR	NR	82.6
Toothpaste	20.1	15.4	35.5	9.7	45.2	4	6	8	13	73.6
AVERAGE	**36.1**	**21.2**	**57.3**	**10.4**	**67.7**					**86.7**

When HBA shoppers put their money where their mouths are, they tend to repeat their usual brand purchase pattern. One-brand usage falls below 80 percent only for toothpaste, which may be explained by buying to satisfy the varying preferences of different members of the household. Denture users are very brand loyal, with more brands of adhesives than cleaners needed to keep them satisfied. The strongest brand franchise is exhibited by dental floss, where #1 commands 76.1 percent of volume.

REMEDIES/MISC. HBA	THREE TOP BRANDS (% of sales) SHARE/CUM-					NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2 SHARE	#2 CUM-	#3 SHARE	#3 CUM-	50%	67%	75%	90%	
Asthma Relief Remedies	37.8	25.0	62.8	15.9	78.7	2	3	3	NR	95.5
Cold/Sinus/Allergy Remedies	13.0	9.0	22.0	5.1	27.1	8	14	18	33	64.7
Cough Syrup	34.8	14.7	49.5	12.1	61.6	3	4	5	10	80.5
Diarrhea Remedies	55.3	30.6	85.9	4.7	90.6	1	2	2	3	89.6
Diet Pills	64.8	12.1	76.9	4.5	81.4	1	2	2	6	90.1
Eye Drops & Wash	39.3	14.2	53.5	6.2	59.7	2	5	7	NR	88.0
Groin Irritation Remedies	23.4	23.3	46.7	17.2	63.9	3	4	5	NR	94.7
Headache Remedies/Pain Relievers	20.0	11.1	31.1	7.2	38.3	6	11	15	31	63.1
Hemorrhoid Remedies	59.9	13.5	73.4	8.0	81.4	1	2	3	5	90.3
Indigestion Aids/Upset Stomach Remedies	16.3	13.1	29.4	9.4	38.8	5	7	8	15	73.3

When sufferers of ailments believe they've finally found the right elixir, they tend to remain loyal to it, as evidenced by the nine out of 10 users who report they've used only one brand of several of these remedies. These include asthma relief remedies, hemorrhoid and diarrhea remedies, and nasal sprays, all of which show strong leadership by their three most popular brands.

NR—Not Reported
Source: Mediamark Research Inc.

BRAND SHARE OF CATEGORY

HEALTH & BEAUTY AIDS

REMEDIES/MISC. HBA *Continued*	THREE TOP BRANDS (% of sales) SHARE / CUM-			NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = ADULTS)	#1	#2	#3	50%	67%	75%	90%	
Laxatives	33.2	12.8 46.0	10.0 56.0	3	5	8	NR	86.2
Nasal Spray	27.9	17.3 45.2	15.4 60.6	3	4	5	NR	90.4
Pain Relieving Rubs/Liquids	39.9	14.3 54.2	12.5 66.7	2	4	4	NR	83.8
Sleeping Tablets	24.1	22.3 46.4	22.2 68.6	3	3	4	NR	94.7
Throat Remedies, Medicated	29.7	19.2 48.9	18.8 67.7	3	3	4	NR	71.9
Vitamins/Tablets, Capsules, Liquids	8.4	6.8 15.2	3.5 18.7	NR	NR	NR	NR	90.5
AVERAGE	**33.0**	**16.2** **49.2**	**10.8** **60.0**					**84.2**

In the case of vitamins, however, allegiance is spread over dozens of brands with tiny, albeit loyal, constituencies—posing a challenge to HBA buyers who want to satisfy as many shoppers as possible. The two classes of remedies where multi-brand purchase is most rampant are cold/sinus/allergy, and headache/pain, as users treat themselves with several varieties of remedies within the major classification.

HAIR CARE (MEN)	THREE TOP BRANDS (% of sales) SHARE / CUM-			NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = MEN)	#1	#2	#3	50%	67%	75%	90%	
Hair Coloring Products	25.1	12.3 37.4	5.4 42.8	5	10	13	NR	89.7
Hair Conditioning Products	9.4	8.9 18.3	6.9 25.2	8	13	22	NR	86.5
Hair Sprays	9.0	6.0 15.0	6.0 21.0	10	17	24	NR	86.5
Hair Tonic/Dressings	19.3	12.3 31.6	10.9 42.5	4	6	9	16	91.8
Shampoo	17.2	5.5 22.7	4.2 26.9	10	19	28	NR	70.0
AVERAGE	**16.0**	**9.0** **25.0**	**6.7** **31.7**					**84.9**

The average share grabbed by the top three brands is smaller here (31.7 percent) than for any of the 36 breakouts in this report. Men manage their manes from a selection of dozens of hair sprays, shampoos and conditioners. With the exception of shampoos, they tend to stay with the brand that works for them rather than to experiment with others.

SKIN CARE/SHAVING (MEN)	THREE TOP BRANDS (% of sales) SHARE / CUM-			NO. OF BRANDS NEEDED TO REACH %-OF-SALES GOAL				ONE-BRAND USERS (% of Total Users)
(BASE = MEN)	#1	#2	#3	50%	67%	75%	90%	
Aftershave Lotion & Cologne	16.9	9.3 26.2	8.4 34.6	5	9	11	32	66.4
Complexion Care Products	21.1	6.9 28.0	6.6 34.6	7	14	21	NR	73.1
Deodorants/Antiperspirants	17.0	9.5 26.5	8.9 35.4	6	13	17	35	74.0
Disposable Razors	42.0	30.4 72.4	12.0 84.4	2	2	3	4	85.1
Hand/Body Creams/Lotions/Oils	22.2	7.2 29.4	5.2 34.6	7	13	17	NR	70.2
Medicated Skin Ointments	22.9	17.7 40.6	14.2 54.8	3	7	NR	NR	88.8
Pre-Electric Shave Lotion	43.2	29.9 73.1	17.7 90.8	2	2	3	3	96.5
Razor Blades	28.5	26.0 54.5	6.0 60.5	2	5	8	19	90.4
Shaving Creams or Gels	18.3	14.5 32.8	11.3 44.1	4	6	8	17	87.0
AVERAGE	**25.8**	**16.8** **42.6**	**10.0** **52.6**					**81.3**
AVERAGE—ALL CATEGORIES	**34.7**	**16.6** **51.3**	**9.9** **61.2**					**76.4**

In the matter of brand choice, habit rules the daily ritual of shaving. Only one man in 10 reports usage of more than one brand of razor blades, shaving creams or gels, or pre-electric shave lotion. Stocking the pre-shave he's looking for is no problem, with only three brands needed to satisfy 90 percent of sales. But the varieties of blades and creams needed to achieve that level peak at 19 and 17, respectively, posing more of a challenge to HBA buyers.

NR—Not Reported Source: Mediamark Research Inc.

SAMI UPDATE

HBA Food Store Sales Run About Even With 1985

Sales weren't spectacular in March—due to slumps in a number of key categories. Many new products did not expand their categories, but cannibalized brands within them.

BY ALAN MILLER JR.

During the 28 days ending March 28, 1986, total unit food store volume in 50 product categories tracked by SAMI fell 15,000 units behind the movement during the corresponding period a year ago.

Since the 1985 March figure was, in turn, half a percent below the 1984 level, it must be acknowledged that sales inertia appears to have set in among these products which, for the moment, have lost their upward mobility.

It is small consolation to manufacturers of toiletries and proprietary remedies to learn that frozen foods are also passing through the doldrums of late. Even the fanfare surrounding the Frozen Food Festival month failed to achieve a tonnage increase in March, although their loss rate was reduced from -2.4 percent in February to -0.8 percent in March.

One of the suggested factors that appears to be holding back growth of health and beauty aids is the observation that, except perhaps in the hair setting needs and appetite suppressant categories, new products have not been successful thus far in 1986 in expanding sales in their categories.

Successfully launched brands appear to be cannibalizing established brands rather than attracting additional sales in the product category. An example of this problem is found in the toothpaste and powder category, where even the combination of the pump dispensers and anti-plaque/tartar brands and line extensions have not created additional sales. March sales of these dentrifices were 9.1 percent behind their level in the period a year ago.

An even split

On a product group measurement basis, there was an even split in gains/losses, as was true in the preceding period, but this time the losses were slightly more pronounced than the sum of the gains. The best rates of product group gain were 3 percent improvements among deodorants and proprietary remedies. Losses of more than 5 percent among oral hygiene products and shaving needs were seen.

There were 22 categories with gains for the four weeks, and 28 with losses. This is the same ratio as was found during the preceding period. Three out of four of the categories in the baby needs categories were in the loss column, and the overall decline of 1.9 percent was identical to the loss rate found in the February period. Furthermore, the 1986 decline was on top of a reversal amounting to 3.5 percent in March 1985 vis-à-vis the same month in '84.

The only category to show gains in all three reporting intervals was nursing supplies, in which the most recent reading is a scant 1.2 percent improvement, which compared with plus 5.1 percent on an annual basis.

Half of the deodorant categories had unit volume losses, paced by a drop of 11.1 percent among creams and 6.3 percent in the case of feminine douches. However, the 13.0 percent four-week gain for sticks translates to 1 million units, more than enough to erase the loss situations.

The highest percentage gain was 17.1 percent, resulting from sales contributions attributed to new Shower to Shower line extensions. Also recording gains were feminine hygiene deodorants, foot deodorants and athlete's foot remedies. The loss of 1.6 percent in the spray deodorant category can be blamed on the failure of body sprays to maintain customer loyalty.

First aid down

Neither category of first aids was successful in surpassing sales in the similar 1985 period, but at least both first aid antiseptics and first aid bandages, cotton, gauze, etc., were coming off strong performances last year. The March 1986 loss rate amounted to 5.7 percent for first aid antiseptics and 1.9 percent for other first aid products.

The gain for all seven hair care needs categories combined amounted to nearly 1 million units, or 2.1 percent, but the rate of increase lagged behind the 3.6 percent improvement during February. Hair sprays continue to exhibit double-digit growth, with a current spurt of 14.2 percent, higher than the 14.0 percent hike on a 12-week basis, but lower than the 20.2 percent gain accomplished in February.

New brands of hair mousse products not offered in the 1985 period include Revlon, Finesse, Jhirmack and Perma Soft, and the growth rate during March was a hefty 29.7, higher than the 24.3 percent jump in the preceding period. There were losses of 2.1 percent and 4.6 percent in the high-volume shampoo and hair conditioning rinse categories respectively, and

Pharmacy
Leave Film Here

HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	4 WEEKS ENDING 1/31/86	4 WEEKS ENDING 2/28/86	4 WEEKS ENDING 3/28/86
BABY NEEDS	**– 0.8%**	**– 1.9%**	**– 1.9%**
Baby Powders	– 9.9	+ 1.5	– 3.7
Baby Oils, Creams & Lotions	– 1.1	– 5.6	– 0.9
Infant Clothes	– 10.0	– 10.7	– 12.8
Nursing Supplies	+ 6.9	+ 3.7	– 1.2
DEODORANTS	**+ 0.9%**	**+ 1.2%**	**+ 3.1**
Sprays	– 4.8	– 2.2	– 1.6
Roll-Ons	– 4.0	– 8.1	– 1.4
Stick Deodorants & Pads	+ 8.8	+ 9.9	+ 13.0
Creams	– 16.5	– 17.5	– 11.1
Deodorants & Talcum Powders	+ 1.8	+ 14.9	+ 17.1
Feminine Hygiene Deodorants	+ 1.3	– 1.4	+ 4.4
Foot Deodorants & Athlete's Foot Remedies	+ 11.7	+ 7.1	+ 4.9
Feminine Douches	+ 1.7	+ 3.0	– 6.3
FIRST AID	**– 1.2%**	**+ 1.8%**	**– 2.7%**
Antiseptics	+ 2.1	– 1.7	– 5.7
First Aid Products	– 2.0	+ 2.7	– 1.9
HAIR CARE NEEDS	**+ 3.4%**	**+ 3.6%**	**+ 2.1%**
Shampoos	– 0.9	– 1.9	– 2.1
Hair Sprays	+ 8.1	+ 20.2	+ 14.2
Hair Conditioning Rinses	+ 1.2	– 2.9	– 4.6
Hair Setting Needs	+ 44.1	+ 24.3	+ 29.7
Home Permanent Kits	– 15.8	– 18.7	– 12.9
Hair Coloring	– 2.8	– 2.9	– 7.2
Hair Dressing Needs	+ 7.4	+ 7.8	+ 2.5
ORAL HYGIENE	**– 0.3%**	**+ 2.0%**	**– 6.2%**
Toothpastes & Powders	+ 0.8	+ 0.8	– 9.1
Mouthwashes	+ 5.4	+ 7.7	+ 6.2
Breath Fresheners	– 4.8	– 8.8	– 11.9
Denture Cleaners	– 2.0	– 0.2	– 5.2
Denture Adhesives	– 4.8	– 3.4	– 6.4
Toothbrushes	+ 3.6	+ 3.4	– 7.5
PROPRIETARY REMEDIES	**– 2.7%**	**– 0.5%**	**+ 3.3%**
Antacids	+ 5.8	+ 5.9	+ 2.6
Internal Analgesics	– 2.9	– 0.3	+ 9.3
External Analgesics	– 0.8	+ 0.9	– 3.0
Cold Tablets	– 3.4	– 2.5	+ 0.1
Nasal Sprays—Drops—Inhalers	– 6.2	– 10.5	– 7.2
Chest Rubs	– 7.7	– 6.4	+ 3.2
Cough Remedies	– 10.3	– 4.0	+ 0.5
Laxatives	– 5.9	– 6.8	– 4.4
Sleeping Aids	+ 11.2	+ 5.5	+ 4.1
Tranquilizers	– 14.9	– 10.4	– 10.5
Synthetic Vitamins	– 0.9	– 0.3	+ 3.4
Eye Care Products	+ 19.2	+ 10.1	+ 5.3
Appetite Suppressants	+ 16.9	+ 15.6	+ 17.1
SHAVING NEEDS	**+ 5.5%**	**– 0.2%**	**– 5.5%**
Shaving Creams	+ 9.7	+ 10.0	+ 4.2
Pre-Shave Lotions	– 3.3	+ 4.0	– 7.0
After-Shave Lotions	– 1.8	– 2.9	– 2.7
Razor Blades	+ 4.8	– 3.6	– 9.3
Razors & Blades	+ 1.0	– 12.6	– 7.0
SKIN CARE AIDS	**+ 8.5%**	**– 1.3%**	**+ 2.2%**
Hand & Body Creams & Lotions	+ 9.7	– 3.3	+ 1.0
Facial Preparations	+ 9.0	– 4.6	– 3.4
Lip Care Products	+ 17.0	+ 11.3	+ 26.9
Suntan Lotions & Oils	+ 102.5	+ 2.2	+ 4.0
Cosmetic & Medicated Skin Aids	– 6.3	– 5.4	– 7.0
TOTAL ALL CATEGORIES	**+ 0.4%**	**+ 0.9%**	**± 0 %**

these two groups now show declines for all of 1986 through March.

Sales fall-offs among home permanent kits (-12.9 percent) and hair coloring (-7.2 percent) do not translate to a large number of units because both categories have a relatively low volume base. Sales of hair dressing needs advanced 2.5 percent, attributable in part to gains among ethnic hair preparations—the introduction of Vidal Sassoon hair grooms, including a mousse for men, and an upsurge in the Brylcreem line as a result of new line extensions, including mousse items for men.

Once again, the only oral hygiene category able to top last year's sales level was mouthwash, where the 6.2 percent jump was on top of a 2.5 percent increase in the period a year ago over 1984, but trailed behind the 7.7 percent run-up in volume registered in February.

Overall, the 6.2 percent decline in the oral hygiene product group amounted to more than three million units, most of which were found in the toothpaste and powder category, where important gains for the Crest brand were at the expense of its leading rivals. The losses found among breath fresheners (-11.9 percent), denture cleaners (-5.2 percent) and denture adhesives (-6.4 percent) represent continuing weakness for these categories, which now show loss rates for both the 12- and 52-week intervals.

Analgesics are up

One of the reasons for the turn-around among proprietary remedies can be traced to a dramatic upturn, amounting to 9.3 percent, in the high volume internal analgesics category. It seems logical to assume that consumers may have tossed out their capsules in the wake of the latest Tylenol poisoning incidents, and replenished their supplies with alternative remedies.

Three out of the four cold remedy categories enjoyed improved sales over last year's depressed levels, but the rates of gain were modest, amounting to less than 1 percent in the case of cold tablets and cough remedies. The 3.2 percent gain for chest rubs is on a small-volume base. The cold remedy category, with a long record of consecutive declines, is nasal sprays/drops/inhalers.

Fiber moves

In the March reporting period, the loss rate amounted to 7.2 percent, slightly better than the 10.5 percent drop in February. The strong performance of Schering's Fibre Trim was a major factor behind the 7.1 percent gain among appetite suppressants, which still show a loss of 4.4 percent on an annual basis.

These items, which had been losing volume to other weight-reduction regimens, improved their position over a weak 1985 period. Synthetic vitamins (+3.4 percent) reversed a decline rate in the preceding period, while sales of external analgesics moved from a February gain of 0.9 percent to a March loss of 3.0 percent.

It would appear that the eye care products category is finally reaching a point of maturity after enjoying sustained growth, resulting in a string of double-digit sales increases. The most recent four-week gain was 5.3 percent, which compares with +11.4 percent for the 12-weeks and +20.7 percent on an annual basis. As was true in February, sales declined for laxatives and stool softeners, but moved upward in the sleeping aids category.

The national launch of the Gillette Microtrac razor was not enough to arrest the precipitous decline in the razor blades category, where the current loss rate amounted to 9.3 percent. The only category of shaving needs with increased unit volume was shaving creams, where Colgate and Edge are the star performers among the established brands, and Soft Shave and Brush Plus have been providing sales among the newer brands. There were declines among pre-shave lotions(-7.0 percent), after shave lotions (-2.7 percent) and razor sets (-7.0 percent).

Skin care needs as a product group moved back into the plus column after having experienced sales weakness in February. There were gains of 26.9 percent for lip care products, 4.0 percent for suntan lotion/suntan oil, and 1.0 percent for hand & body creams and lotions.

The losses were found among facial preparations (-3.4 percent), and cosmetic & medicated skin aids (-7.0 percent), where new product activity has been lagging of late. On a 52-week basis, all of the five categories in this product group show gains.

March sales in a number of key categories have caused lethargy in overall health and beauty volume. Let's hope that the news is more cheerful when we review the picture as of April. ■

NOTE

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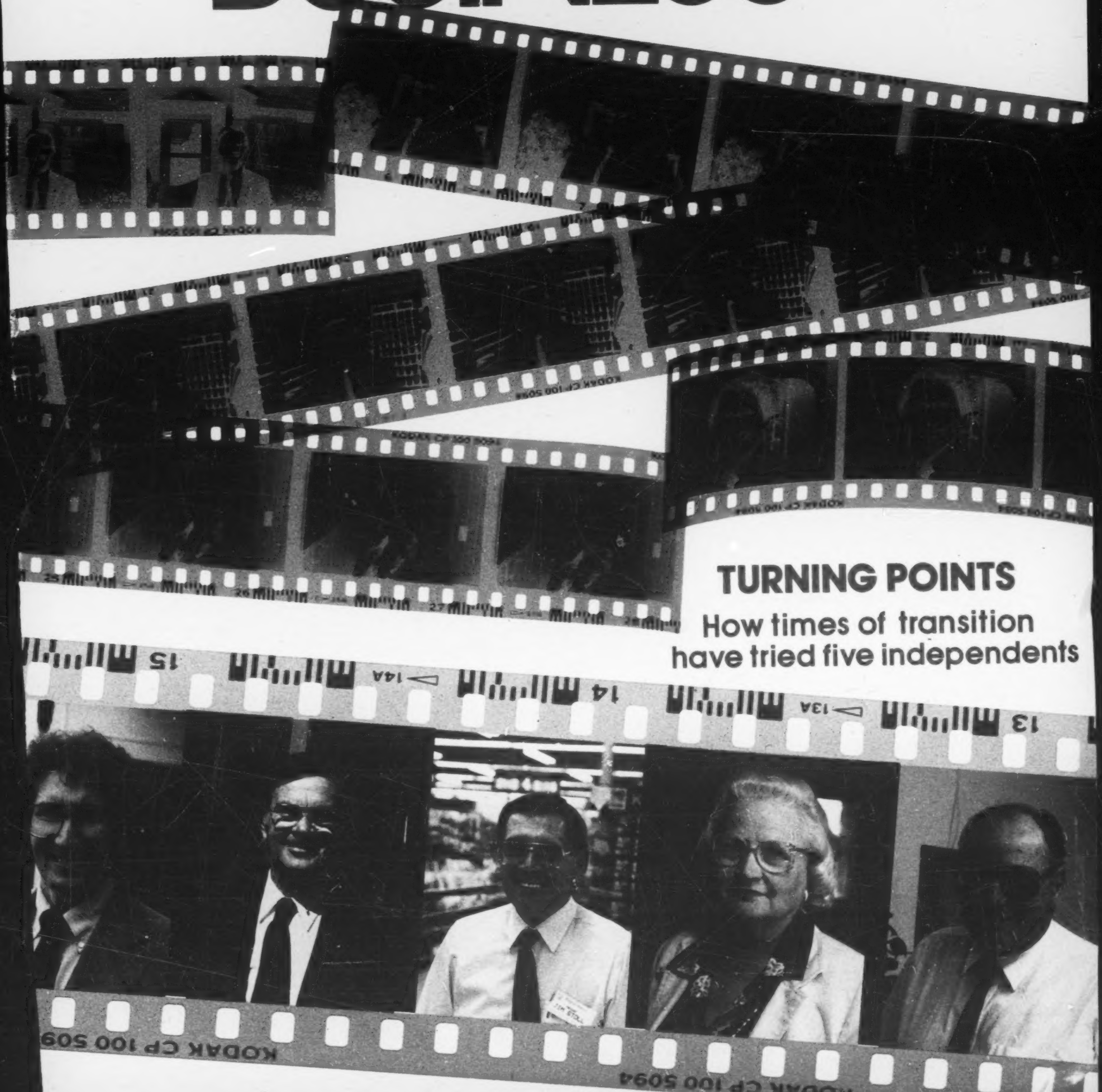
NONFOODS BUSINESS
In Selected Editions Only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TURNING POINTS

How times of transition
have tried five independents

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Checkout p.70

SUPERMARKET BUSINESS

VOLUME 41
NUMBER 7

PART ONE
OF TWO PARTS

JULY 1986

TURNING POINTS: A PASSION FOR SURVIVAL 21
KEVIN COUPE, ASSOCIATE EDITOR

Five independent supermarket retailers who have been profiled in SUPERMARKET BUSINESS over the past five months, offer their own formulas for survival in the face of personal changes and challenges.

TURNING POINTS: DOWN THE ROAD WITH 'MIZ' MOSELEY 30
KEVIN COUPE

Elizabeth Moseley's life has been filled with the joy of work and the pain of tragedy—all of it concerned with her supermarkets. Fifth in a series.

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PINPOINTING THE HOT NEW PRODUCTS/PETER LEVITEN **5B**

Retailers, faced with a bewildering number of product introductions, line extensions and reformulations in GM/HBA, pick out some of their most successful—or noteworthy—new items.

'WE JUST CAN'T MAKE IT ON GROCERIES ANYMORE!'/KEVIN COUPE & BOB HUGHES **11B**

An independent in northern Michigan, faced with hypermarket competition, turns to nonfoods as a successful means of doing combat.

ALSO IN NONFOODS BUSINESS:
SAMI UPDATE **19B**
NEW PRODUCTS **26B, 28B, 30B**

*In selected editions only

THE VIEW FROM YARDLEY'S BACKYARD/PETER LEVITEN, ASSOCIATE EDITOR **37**

Jim McCaffrey's Yardley Thriftway is the first commercial development allowed in Yardley, Penn., in 50 years. But company's coming this Thanksgiving, in the form of Giant Food, directly behind the store.

CIRCUS MAXIMUS/KEVIN COUPE & BOB HUGHES **47**

Michigan's Pinny Food Center competes with a nearby Meijer Thrifty Acres by turning the store into a three-ring circus of promotions. But that doesn't mean they're just clowning around.

CHECKOUT: PUT A LITTLE LOVE IN YOUR CART **70**
KEVIN COUPE

For some people, Singles Night at a Cherry Hill, N.J., Shop-n-Bag may lead to a walk down a different kind of aisle.

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NonFoods BUSINESS

WHAT'S IN, WHAT'S OUT: PINPOINTING THE HOT NEW GM/HBA PRODUCTS/PETER LEVITEN 5B

Although they are faced with an overwhelming amount of choice in new general merchandise and health and beauty aids products, retailers have come up with some notable successes, and why they think they work.

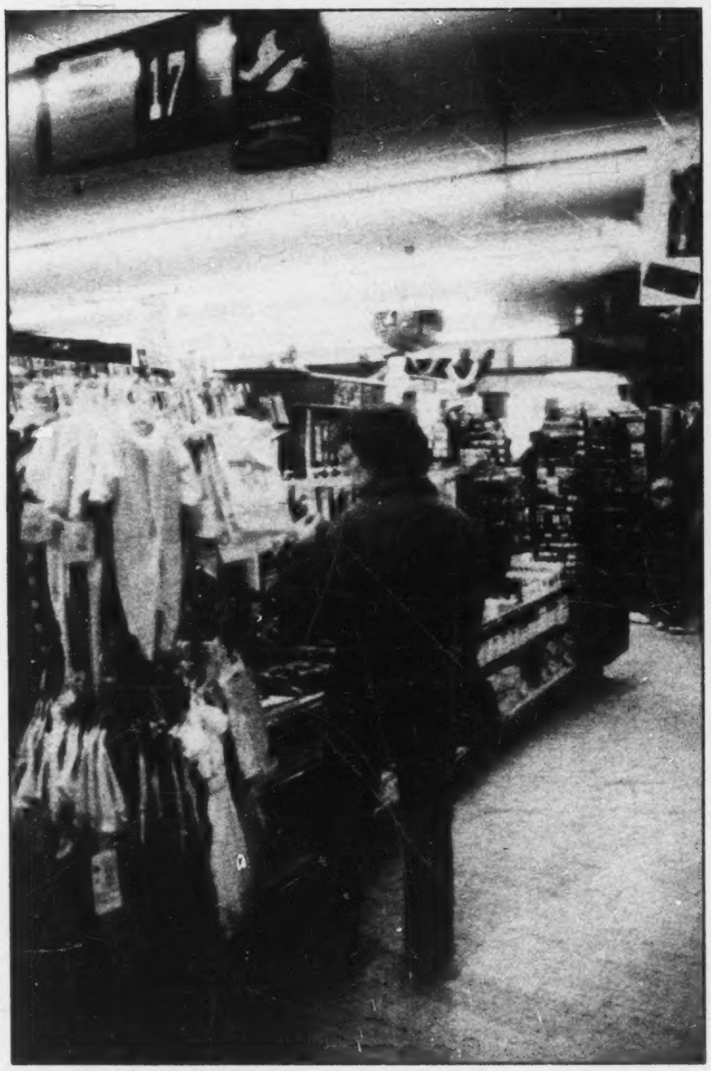
'WE JUST CAN'T MAKE IT ON GROCERIES ANYMORE!'/KEVIN COUPE & BOB HUGHES 11B

Pinconning, Michigan's Pinny Food Center, faced with heightened competition from a giant hypermarket, has turned to canny merchandising of nonfoods as an effective means of doing combat.

SAMI UPDATE 19B

AD INDEX 24B

NEW PRODUCTS 26B



Pinny Food Center **11B**

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BENYLIN EXTENDS RELIEF TO STUFFY NOSES

Colds . . . coughs . . . nasal congestion. Whenever upper respiratory congestion and cough coexist, welcome relief is available with BENYLIN® Decongestant Cough Formula. This exclusive formulation combines the nonnarcotic antitussive effectiveness of diphenhydramine with the professionally preferred nasal decongestant pseudoephedrine.

To expand your rapidly growing BENYLIN sales, extend relief to stuffy noses. Stock up on BENYLIN Decongestant Cough Formula now and watch it as it moves off the shelf.

BENYLIN
DECONGESTANT COUGH FORMULA

PARKE-DAVIS

SAMI UPDATE

HBA Food Store Sales Exceed Volume of a Year Ago But Lag Behind Total Food Store Gain Rate

The sales performance of health and beauty aids for the April period rose slightly over the same period a year ago. Not much, but enough to provide hope for a continued sales increase.

BY ALAN MILLER JR.

During the four weeks ending April 25, 1986, total unit retail sales volume in all 50 health and beauty aid (HBA) product categories tracked by SAMI moved 1.2 percent ahead of the corresponding period a year ago. This performance, although by no means a reason to stand up and cheer, represents a slight step in the right direction, correcting the modest downturn recorded during SAMI's March reporting period.

During the April 1985 reporting period, total unit food store volume in these same HBA product categories rose 0.6 percent over the 1984 level for the four-week period. On a dollar basis, the increase was a respectable 4.6 percent, exceeded only by the 4.8 percent gain among dry grocery/nonfood categories.

Dry grocery/food dollar volume was 3.2 percent ahead of the 1985 pace, as was volume in the refrigerated section of the store among warehoused (vs. direct store delivery) items. The weakest link in the picture is found among frozen foods, which registered a four-week loss of 0.9 percent in pounds and a decline of 2 percent on a dollar basis.

As was true in the preceding month, the number of HBA product groups with gains was the same as those with losses—four in each case. Baby needs and oral hygiene encountered the most serious sales reverses, where the loss rates were more than 5 percent. Declines of less than 1 percent were incurred among deodorants and first aids.

Skin care aids had the best growth rate among product groups, with a 7.3 percent increase, while a gain of almost 3 million units for hair care needs resulted in a product group increase of 6.4 percent. Rounding out the product group picture were gains of 0.5 percent for shaving needs and 3.2 percent for proprietary remedies.

Gains over losses

On a product category measurement basis, gains outnumbered losses 27 to 23. During the preceding month, losses had outpaced the gains, 28 to 22.

Four categories had four-week gains of more than 20 percent: lip care products (+25.8 percent), hair setting needs (+23.5 percent), appetite suppressants (+21.1 percent) and deodorant and talcum powder (+20.6 percent). There were also four categories with loss rates of more than 10 percent: baby powders (−18 percent), infant clothes (−16.6 percent), tranquilizers (−13.4 percent) and feminine douches (−10 percent).

The only category of baby needs to produce a gain for the four weeks over the 1985 volume level was nursing supplies, which can usually be counted on to increase. An 18 percent loss for baby powders was large enough to push the annual volume into the loss column at −0.6 percent.

Unit sales of infant clothes fell 16.6 percent, so this category now has double-digit loss rates for both the 12- and 52-week intervals. Baby oils, creams and lotions declined 3.8 percent, and annual volume for these products is only 0.1 percent ahead of sales in the corresponding April 1985 period.

Half of the personal deodorant categories had gains, half had losses. The losses outpaced the gains, however, and the product group as a whole showed a loss of 0.5 percent, compared to the same month a year ago. A continuing growth

SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 2/28/86	4 WEEKS ENDING 3/28/86	4 WEEKS ENDING 4/25/86
BABY NEEDS	− 1.9%	− 1.9%	− 5.4%
Baby Powders	+ 1.5	− 3.7	− 19.0
Baby Oils, Creams & Lotions	− 5.6	− 0.9	− 3.5
Infant Clothes	− 10.7	− 12.8	− 10.6
Nursing Supplies	+ 3.7	− 1.2	+ 2.8
DEODORANTS	+ 4.2%	+ 3.5%	− 0.8%
Sprays	− 2.2	− 5.6	− 6.1
Roll-Ons	− 8.1	− 1.4	− 1.5
Stick Deodorants & Pads	+ 9.9	+ 13.0	+ 6.5
Creams	− 17.5	− 11.1	− 9.5
Deodorants & Talcum Powders	+ 14.9	+ 17.1	+ 20.6
Feminine Hygiene Deodorants	+ 1.4	+ 4.4	+ 2.6
Foot Deodorants & Athlete's Foot Remedies	+ 7.1	+ 4.0	+ 3.1
Feminine Douches	+ 0.0	− 6.3	− 10.0
FIRST AID	+ 1.8%	− 3.7%	− 0.8%
Antiseptics	− 1.7	− 5.7	+ 2.5
First Aid Products	+ 3.1	− 1.7	− 1.7
HAIR CARE NEEDS	+ 3.6%	− 3.1%	+ 6.4%
Shampoos	− 1.5	− 2.1	+ 0.9
Hair Sprays	+ 30.2	− 14.0	+ 17.6
Hair Conditioning Rinses	− 2.9	− 4.6	+ 7.6
Hair Setting Needs	+ 34.1	+ 30.7	+ 23.5
Home Permanent Kits	− 16.7	− 12.9	− 9.9
Hair Colorings	− 3.5	− 7.2	+ 2.6
Hair Dressing Needs	+ 7.8	+ 2.5	− 0.0
ORAL HYGIENE	+ 2.0%	− 4.3%	− 3.2%
Toothpastes & Powders	+ 0.6	− 9.1	− 8.7
Mouthwashes	+ 7.7	+ 6.2	+ 7.1
Breath Fresheners	− 4.8	− 11.9	− 4.0
Denture Cleansers	− 0.2	− 5.2	− 6.3
Denture Adhesives	− 3.4	− 6.4	− 4.6
Toothbrushes	+ 3.4	− 7.5	− 4.6
PROPRIETARY REMEDIES	− 0.9%	+ 3.3%	+ 3.2%
Antacids	+ 3.9	+ 2.6	+ 3.7
Internal Analgesics	− 6.3	+ 9.3	+ 5.2
External Analgesics	+ 2.9	− 3.0	+ 7.9
Cold Tablets	− 2.5	+ 3.1	+ 2.6
Nasal Sprays–Drops–Inhalers	− 10.5	− 7.2	− 6.3
Chest Rubs	− 5.4	+ 3.2	− 5.4
Cough Remedies	+ 4.0	+ 13.5	− 3.8
Laxatives	− 6.8	− 4.4	+ 2.8
Sleeping Aids	+ 5.5	+ 4.4	+ 1.9
Stomachics	− 10.4	− 10.5	− 13.4
Synthetic Vitamins	− 0.8	+ 3.4	+ 3.5
Eye Care Products	+ 10.1	+ 5.3	+ 11.6
Appetite Suppressants	+ 18.6	+ 17.1	+ 21.1
SHAVING NEEDS	− 0.2%	− 5.5%	+ 0.8%
Shaving Creams	+ 10.0	+ 4.2	+ 6.0
Pre-Shave Lotions	+ 8.0	− 7.0	− 2.9
After-Shave Lotions	+ 2.9	− 2.7	− 4.1
Razor Blades	− 3.6	− 9.3	− 1.0
Razors & Blades	− 12.6	− 7.0	+ 3.0
SKIN CARE AIDS	− 1.5%	+ 2.2%	+ 7.2%
Hand & Body Creams & Lotions	− 3.3	+ 1.0	+ 8.6
Facial Preparations	− 4.6	− 3.4	+ 3.6
Lip Care Products	+ 11.3	+ 20.9	+ 25.8
Suntan Lotions & Oils	+ 2.2	+ 4.0	+ 10.2
Cosmetic & Medicated Skin Aids	− 5.4	− 7.6	− 4.9
TOTAL ALL CATEGORIES	+ 0.9%	± 8 %	+ 1.2%

pattern for stick deodorants and antiperspirants (+6.5 percent) has helped to trigger losses among sprays (−6.1 percent), roll-ons (−1.5 percent) and creams (−9.5 percent).

Completing the loss picture is the drop of 10 percent for feminine douches, an acceleration of the 6.3 percent decline recorded in the March reporting period. On the plus side of the ledger, deodorant and talcum powders gained 20.6 percent, resulting from sales of Shower to Shower line extensions. Other gains within the deodorant group were foot deodorants and athlete's foot remedies (+3.1 percent) and feminine hygiene deodorants (+2.6 percent).

First aid losses

After suffering a loss of 5.7 percent in March, first aid antiseptics bounced back in April with a gain of 2.5 percent. This wasn't enough, however, to erase the loss of 1.7 percent for other first aid products (bandages, gauze, cotton balls, swabs and tapes); the sales for the first aid group fell 0.8 percent behind last year's level.

The solid performance in the hair care needs product group (+6.4 percent) can be chiefly attributed to the outstanding trends for hair setting needs (+23.5 percent) and hair sprays (+17.6 percent) by established brands and new products/line extensions. Shampoos posted a gain of 0.9 percent after a loss in March of 2.1 percent. Sales of home permanent kits continued to fall (−9.9 percent), but hair coloring progressed from a loss of 7.2 percent in March to a gain of 2.6 percent in April.

Hair conditioning rinses also gained 7.6 percent after a loss of 4.6 percent in the preceding reporting period. Sales of hair dressing needs (male, unisex and ethnic grooms) were virtually even with year-ago volume for the April period.

Once again, the only hygiene category to top last year's sales level was mouthwash, which rose 7.1 percent, an increase over the 6.2 percent recorded in March. The loss rate for toothpaste (−8.7 percent) was a slight improvement over the 9.1 percent drop in March, but the loss rate for denture cleansers (−6.3 percent) was higher than that in March.

Losses among breath fresheners (−4.0 percent), denture adhesives (−4.6 percent) and toothbrushes (−4.6 percent) all reflect improvements over March losses.

The gain of 3.2 percent among 13 categories of proprietary remedies combined is about the same as the 3.3 percent gain reported last month. Trends in product categories, however, vary from month to month. External analgesics, which had been down 3 percent in March, moved ahead 7.9 percent in April. On the other hand, both chest rubs and cough remedies, which had gains in March, had losses of 5.4 percent and 3.8 percent respectively in April.

The trend was reversed in the laxative and stool softener category, where a 4.4 percent loss in March was converted to a 2.8 percent gain in April.

Cosmetics fall

Eye care products once again showed a double-digit gain (+11.6 percent) after increasing only 5.3 percent in March. Appetite suppressants showed an accelerated gain, with sales 21.1 percent ahead of last year. The April sales of nasal sprays/drops/inhalers (−6.3 percent) and synthetic vitamins (+3.5 percent) were about the same as March postings.

The total unit volume among five shaving needs categories showed combined improvement, although declines were still reported for aftershave lotions (−4.1 percent), preshave lotions (−2.9 percent) and razor blades (−1.0 percent). These losses were more than offset by a 6 percent gain for shaving creams and modest gains in sales of razors and blades. The continuing strong performance of disposable systems kept the loss for sales of all razor blades to only 1 percent.

Saving the best for last, only one category of skin care aids declined in April. Cosmetic and medicated skin aids fell 4.9 percent, but even this was an improvement over the 7 percent loss in March.

The other four categories in this product group all posted gains ranging from 25.8 percent for lip care products to 3.6 percent for facial preparations, which had dropped 3.4 percent in March. Sales of hand and body creams and lotions increased over 450,000, or 8.6 percent in April. Seasonal selling of suntan lotion and oil was strong, and sales rose 10 percent over April of last year. ■

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INSTORE BUSINESS*
*IN SELECTED EDITIONS ONLY

SUPERMARKET BUSINESS

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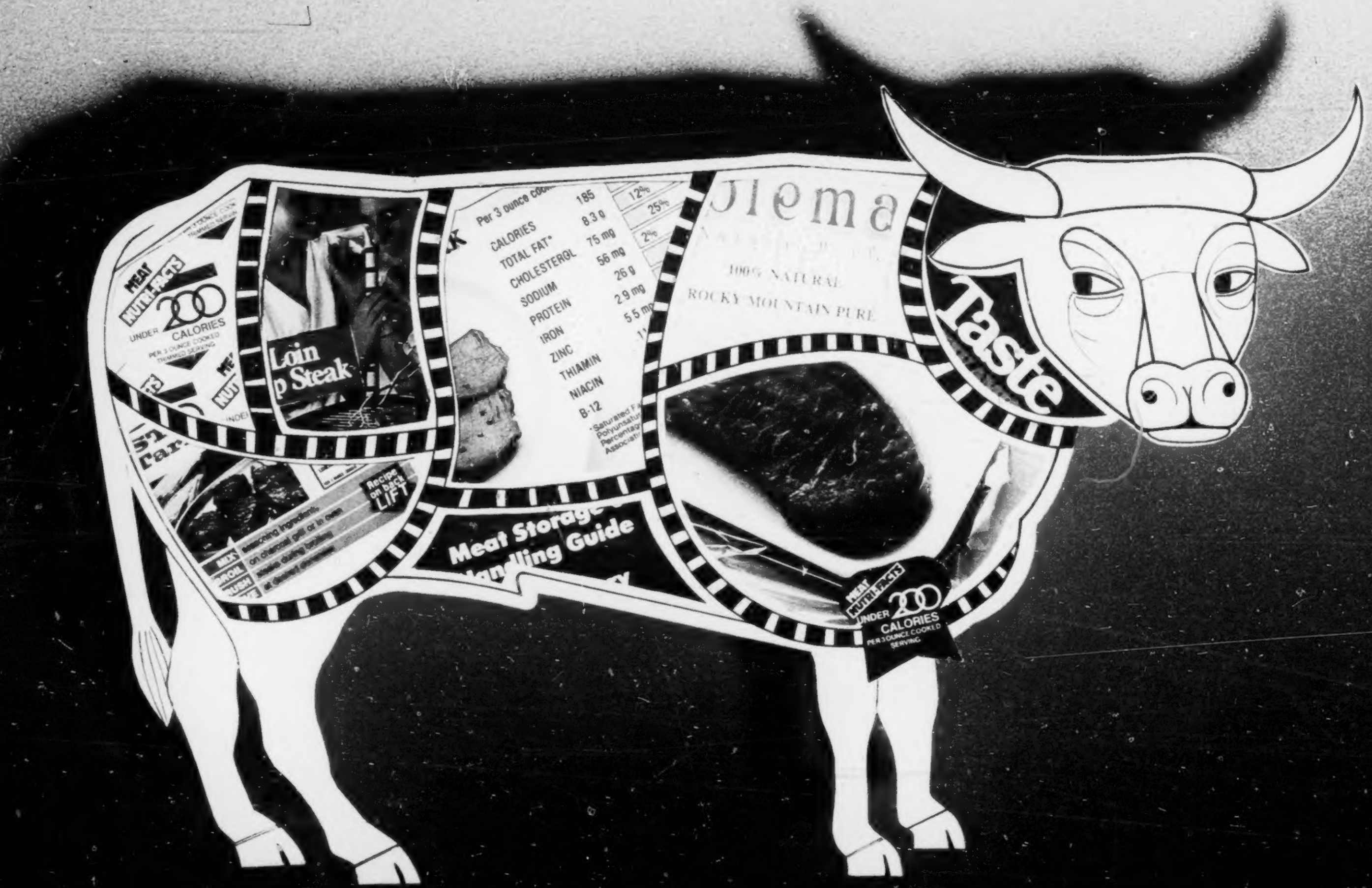
PART ONE
OF TWO PARTS

VOLUME 41/NUMBER 8
AUGUST 1986

New ways to market RED MEAT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UNDER 200 CALORIES
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Per 3 ounce coo
CALORIES 185
TOTAL FAT* 8.3 g
CHOLESTEROL 75 mg
SODIUM 56 mg
PROTEIN 26 g
IRON 2.9 mg
ZINC 5.5 mg
THIAMIN
NIACIN
B-12
100% NATURAL
ROCKY MOUNTAIN PURE
Taste
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UNDER 200 CALORIES
PER 3 OUNCE COOKED SERVING

The keys are:
Convenience · Consumer Awareness · Added Values

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BPA ABP Association Of Business Publishers, Inc.

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SUPERMARKET BUSINESS

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PART ONE
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AUGUST 1986

NEW WAYS TO MARKET RED MEAT: THE KEYS ARE CONVENIENCE, ADDED VALUES AND CONSUMER AWARENESS/BOB HUGHES **21**

Among growers, packers and retailers, a new merchandising effort has started to add new life to meat sales. Not only are nutritional issues being addressed through labeling and instore information, new kinds of meat are being developed—from low fat to branded. Meat is no longer simply a commodity: it's a merchandising challenge.

FROM VONS, A STAR 'PAVILIONS'/BOB HUGHES **31**

Vons's new Pavilions creates a bazaar-like excitement and atmosphere, with an emphasis on service and high-quality prepared foods.

SMITTY'S NEW STORE: HOPING TO BAT CLEANUP IN SPRINGFIELD/KEVIN COUPE **38**

With a new store on Springfield's growing south side, Smitty's Dave Trottier refines his game plan and starts pitching for new business.

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SERVICE SECTIONS SEIZE CENTER STAGE: BAKERY & DELI ANCHOR SUPER-SIZED SERVICE ISLAND/BOB DIETRICH **4A**

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NONFOODS BUSINESS
NEW DIRECTIONS IN NONFOODS SERVICE/KEVIN COUPE **41**

As supermarkets expand their service offerings in the grocery aisles, nonfoods services follow suit. They don't suit everyone, however.

AT SHOPRITE'S 'THE EXPERIENCE,' HIGH-TICKET NONFOODS IN A HIGH-TICKET ATMOSPHERE
KEVIN COUPE **54**

ShopRite's 'The Experience' has a commitment to nonfood—especially general merchandise—that makes it stand apart from other stores.

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SAMI UPDATE

Sales of HBA Product Categories in May Down Slightly from Year Ago

May sales of oral hygiene products and baby needs show declines, but skin care aids and hair care needs show gains.

BY ALAN MILLER JR.

For the 28-day reporting period ended May 23, 1986, food store unit sales for all health and beauty aids (HBA) categories tracked by SAMI fell half a percent below the corresponding year-ago level. The 1985 volume had shown an advance of 1.6 percent over the same period in 1984.

Health and beauty aid products were not the only product categories to show losses in May. Dry grocery:nonfood items had losses of 0.5 percent, while frozen foods declined 0.6 percent in pounds.

Dry grocery: food products, however, achieved a higher rate of gain (+ 2.2 percent) in May than in April (+ 0.9 percent). Refrigerated foods also had a stronger performance in May (+ 9.0 percent) than in April (+ 7.2 percent). Unit sales for all five categories combined gained 1.1 percent in May, compared to a gain of 1.6 percent in April.

Oral hygiene falls off

Five of the eight product groups measured by SAMI recorded losses in unit sales for the four-week period, compared with a year ago. The most disturbing decline was one of 9.3 percent in the oral hygiene category. Also disturbing was a 4.7 percent dip in the baby needs categories. Deodorants fell 2.9 percent, while both shaving needs and first aid products dropped 1.9 percent behind the 1985 level.

On a more positive note, a gain of 7.8 percent was reported for skin care aids, 4.3 percent for hair care needs and 3.0 percent for proprietary remedies. In the baby needs product group, all four categories suffered losses in May. Even nursing supplies, which usually posts a gain, had a lapse in this reporting period, resulting in a 1.7 percent loss. Nursing supplies is now the only category in the baby needs group to remain ahead on a yearly basis; recent losses in baby oils, creams and lotions have put this category into the red for the full-year interval.

The most alarming decline in the baby needs group is the 15.5 percent loss for baby powders, which is only a slight improvement over the 18.0 drop in April. Unit sales of infant clothes also showed a loss (-7.6 percent), but not as great as that of the previous month (-16.6 percent).

Deodorants decline

Of the eight personal deodorant product categories tracked by SAMI, deodorant and talcum powder posted the largest gain (+ 13.0 percent) for the four-week reporting period. The gain of just 1.6 percent for stick deodorants and pads suggests that this category may have peaked out. If a plateau has been reached, it is at a high level, and these products now outsell sprays and roll-ons by a comfortable margin.

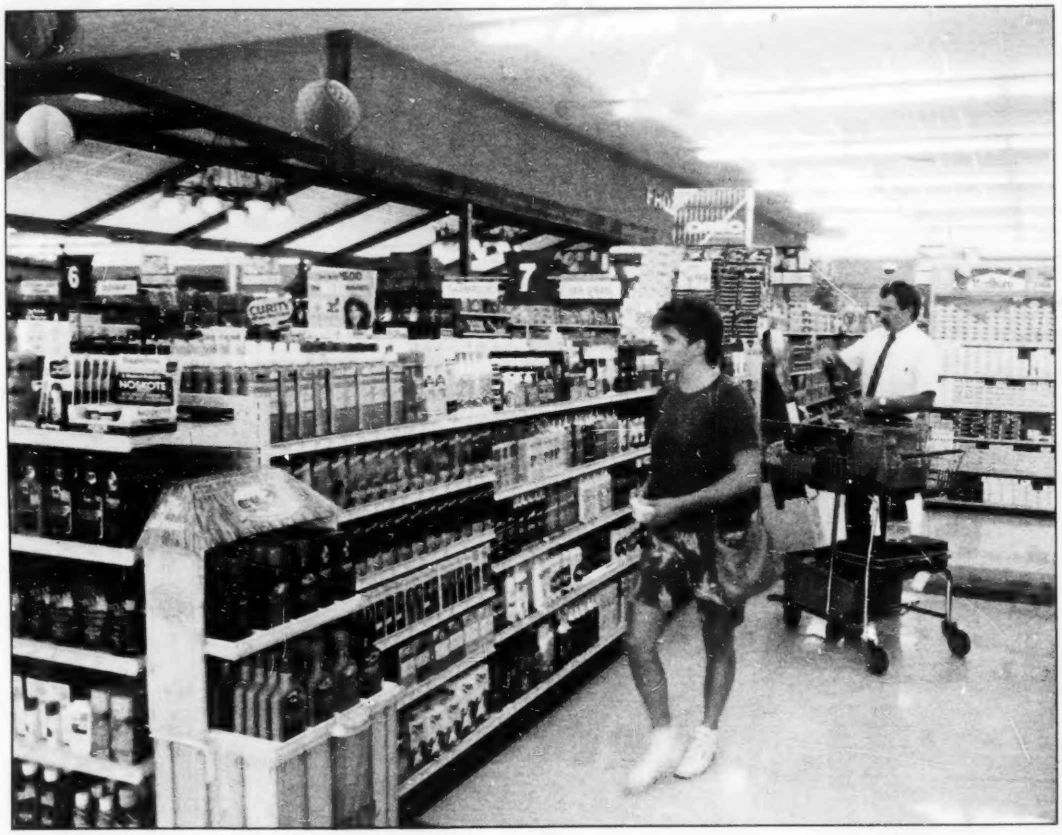
For the year ending May 23, 1986, unit volume of stick deodorants in food stores amounted to 113.9 million, as compared to 74.1 million for roll-ons and 72.5 million for sprays. The decline among body sprays is largely responsible for the four-week loss of 9.2 percent in spray deodorants. Cream deodorants continued their decline to a double-digit loss rate (-13.9 percent.).

The plus trends for feminine hygiene deodorants and for foot deodorants and athlete's foot remedies seen in April were short lived; losses of 8.5 percent and 2.3 percent respectively were reported for May. Volume for feminine douches fell 2.2 percent, but this represents an improvement over the 10.0 percent decline for the previous month.

In the first aid product group, both categories showed losses for May. For antiseptics, the loss was 4.7 percent (after a gain of 2.5 percent in April), and for first aid products, the loss was 1.0 percent (slightly better than the 1.7 percent loss in April).

Hair sprays increase

The hair care needs group



SAMI UPDATE

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 3/28/86	4 WEEKS ENDING 4/25/86	4 WEEKS ENDING 5/23/86
BABY NEEDS	**– 1.9%**	**– 5.4%**	**– 4.7%**
Baby Powders	– 3.7	– 18.0	–15.5
Baby Oils, Creams & Lotions	– 0.9	– 3.8	– 1.2
Infant Clothes	–12.8	– 16.6	– 7.6
Nursing Supplies	– 1.2	+ 2.8	– 1.7
DEODORANTS	**+ 3.1%**	**– 0.5%**	**– 2.9%**
Sprays	– 1.6	– 6.1	– 9.2
Roll-Ons	– 1.4	– 1.5	– 3.9
Stick Deodorants & Pads	+13.0	+ 6.5	+ 1.6
Creams	–11.1	– 9.5	–13.9
Deodorants & Talcum Powders	+17.1	+ 20.6	+13.0
Feminine Hygiene Deodorants	+ 4.4	+ 2.6	– 8.5
Foot Deodorants & Athlete's Foot Remedies	+ 4.9	+ 3.1	– 2.3
Feminine Douches	– 6.3	– 10.0	– 2.2
FIRST AID	**– 2.7%**	**– 0.8%**	**– 1.9%**
Antiseptics	– 5.7	+ 2.5	– 4.7
First Aid Products	– 1.9	– 1.7	– 1.0
HAIR CARE NEEDS	**+ 2.1%**	**+ 6.4%**	**+ 4.3%**
Shampoos	– 2.1	+ 0.9	– 0.3
Hair Sprays	+14.2	+ 17.6	+17.0
Hair Conditioning Rinses	– 4.6	+ 7.6	+ 5.2
Hair Setting Needs	+29.7	+ 23.5	+12.7
Home Permanent Kits	–12.9	– 9.9	–13.2
Hair Coloring	– 7.2	+ 2.6	– 8.3
Hair Dressing Needs	+ 2.5	± 0.0	+ 2.3
ORAL HYGIENE	**– 6.2%**	**– 5.3%**	**– 9.3%**
Toothpastes & Powders	– 9.1	– 8.7	–14.4
Mouthwashes	+ 6.2	+ 7.1	+ 7.4
Breath Fresheners	–11.9	– 4.0	– 2.6
Denture Cleaners	– 5.2	– 6.3	– 5.1
Denture Adhesives	– 6.4	– 4.6	– 2.1
Toothbrushes	– 7.5	– 4.6	– 6.9
PROPRIETARY REMEDIES	**+ 3.3%**	**+ 3.2%**	**+ 3.0%**
Antacids	+ 2.6	+ 3.7	+ 1.4
Internal Analgesics	+ 9.3	+ 5.2	+ 3.8
External Analgesics	– 3.0	+ 7.9	– 4.4
Cold Tablets	+ 0.1	+ 2.6	+ 3.3
Nasal Sprays—Drops—Inhalers	– 7.2	– 6.3	+ 0.2
Chest Rubs	+ 3.2	– 5.4	+ 2.0
Cough Remedies	+ 0.5	– 3.8	+ 4.6
Laxatives	– 4.4	+ 2.8	+ 0.6
Sleeping Aids	+ 4.1	+ 1.9	– 0.2
Tranquilizers	–10.5	– 13.4	–13.8
Synthetic Vitamins	+ 3.4	+ 3.5	+ 6.5
Eye Care Products	+ 5.3	+ 11.6	+ 4.6
Appetite Suppressants	+17.1	+ 21.1	+27.3
SHAVING NEEDS	**– 5.5%**	**+ 0.5%**	**– 1.9%**
Shaving Creams	+ 4.2	+ 6.0	– 0.2
Pre-Shave Lotions	– 7.0	– 2.9	–10.9
After-Shave Lotions	– 2.7	– 4.1	–10.8
Razor Blades	– 9.3	– 1.0	– 1.2
Razors & Blades	– 7.0	+ 3.0	– 3.0
SKIN CARE AIDS	**+ 2.2%**	**+ 7.3%**	**+ 7.8%**
Hand & Body Creams & Lotions	+ 1.0	+ 8.6	+10.6
Facial Preparations	– 3.4	+ 3.6	+ 3.5
Lip Care Products	+26.9	+ 25.8	+48.6
Suntan Lotions & Oils	+ 4.0	+ 10.2	– 1.7
Cosmetic & Medicated Skin Aids	– 7.0	– 4.9	– 5.4
TOTAL ALL CATEGORIES	**± 0 %**	**+ 1.2%**	**– 0.5%**

The most dramatic upswing in the May reporting period was a gain of 48.6 percent in lip care products—the result of important new line extensions.

reported four gains for the four-week period. Hair sprays continued to demonstrate strong growth with an increase of 17.0 percent. This category, which has been trending upward decisively, now shows an annual gain rate of 13.6 percent.

The pace of the new product introductions among hair styling mousse items has slowed, yielding a gain of only 12.7 percent for May, compared with 21.5 percent for the 12-week interval and 54.5 percent for the year. Shampoo sales remain close to their 1985 level, with a loss of 0.3 percent for May, after a gain of 0.9 percent in April.

Hair conditioning rinses have had two consecutive gains, after a poor showing in March. The gain for May was 5.2 percent, only slightly below the 7.6 percent gain recorded in April.

Home permanent kits continued to experience a lull, while hair coloring items went from a 2.6 percent gain in April to an 8.3 percent loss in May. Hair dressing needs, which includes some men's or unisex hair styling mousse items, had a modest gain of 2.3 percent. The 4.3 percent gain recorded for the entire hair care product group is lower than the 6.4 percent gain recorded in April.

Gloom and doom

Except for mouthwash, the picture painted by the oral hygiene product group was one of gloom and doom. The most significant downward trend is a whopping 14.4 percent loss in unit volume for the toothpaste and powder category, which translates to $6.2 million for the four-week period. Losses were also reported for toothbrushes (-6.9 percent), denture cleaners (-5.1 percent), breath fresheners (-2.6 percent) and denture adhesives (-2.1 percent).

The picture for proprietary remedies was brighter, with external analgesics posting the only loss of any consequence (-4.4 percent). The loss of 0.2 percent registered for sleeping aids does not translate to many sales dollars, and the 13.8 percent drop for tranquilizers is on an increasingly smaller base.

The strongest growth rate was in appetite suppressants, which gained 27.3 percent in May, following a gain of 26.1 percent in April. Eye care products (+4.6 percent) appear to be reaching maturity, as double-digit jumps are no longer automatic.

Gains were reported for all four cold remedy categories: +4.6 percent for cough remedies, +3.3 percent for cold tablets, +2.0 percent for chest rubs and +0.2 percent for nasal sprays-drops-inhalers. Volume in the synthetic vitamins category moved strongly upward (+6.5 percent). Even the much-publicized internal analgesics category enjoyed a gain of 3.8 percent. The gain of 3.0 percent in May for the entire product group was slightly lower than the 3.2 percent gain in April.

All categories in the shaving needs product group exhibited sales weakness in comparison with the May 1985 volume. Double-digit losses were reported for pre-shave lotions (-10.9 percent) and after-shave lotions (-10.8 percent). Losses of 3.0 percent for razors and blades, 1.2 percent for razor blades and 0.2 pecent for shaving creams complete the picture. However, the loss rate for all five categories combined was only 1.9 percent.

Skin care aids advance

Skin care aids had the best overall performance, showing a 7.8 percent gain, which was a slight advance over the 7.3 percent gain in April. The most dramatic upswing was the 48.6 percent jump in lip care products, where important new line extensions fueled the fire.

Hand and body creams and lotions increased 10.6 percent in May, surpassing the 8.6 percent gain for the previous month.

Two categories in this product group had reduced sales levels: cosmetic and medicated skin aids (-5.4 percent) and suntan lotion-suntan oil (-1.7 percent). Facial preparations gained 3.5 percent, about the same as in April. This product group should continue to do well, as seasonal sales of suntan lotion and oil pick up. ■

Smitty's

Continued from page 40

Smoothing the wrinkles

In developing the new Smitty's, Trottier's chief aim was to refine the merchandising approach that had worked in his first Springfield store, on South Glenstone near Southwest Missouri State University. That 67,000-square-foot store, located in what appears to be a converted barn that used to house a store owned by the Progressive Farmers Association, has a Midwestern homeyness that lacks high-tech, upscale paraphernalia.

(Trottier's second Smitty's is a 27,000-square-foot unit that likely will be closed when the lease on the space runs out in 1992; at that time, Trottier figures on building another new store in the bigger configuration.)

The Battlefield Road Smitty's strongly resembles the original version, except for brighter, cleaner lines that improve the look while preserving the Midwestern charm. The graphics—designed by Commercial Interior Products (CIP)—identify individual departments and are set off by wood frames. The produce department is defined by a dropped, hanging ceiling. And, at the rear of the store, one long, single counter offers service meat, a deli and prepared foods, with one corps of staffers handling all three.

Labor factors

This back counter is crucial to Trottier's efforts to design a store that can remain viable to the end of the century. "The biggest thing for supermarkets is going to be to contain costs. And labor factors are what you're going to be able to control. I don't see a big change in gas or in transportation. It's all going to adjust to the economy. Your biggest problem is going to be labor." And the solution, he says, to keeping labor costs down, is the reduction in service departments.

"You've got to stay away from an awful lot of service departments and you've got to merchandise, get the product out there without having a lot of people handling it. The main thing is to have people up front checking customers out." Trottier acknowledges that this philosophy runs contrary to current wisdom in the supermarket business. "I'm totally aware of that," he says, but remains convinced that his way is the right way. "I'd prefer to have even less help in our bakery than we have, but city ordinances prevent us from self-service cabinets."

Also significant to Trottier's game plan is the size of the store's back room: with nine loading docks and coolers for dairy, meat and produce that can each hold two semi-trailers worth of merchandise, back room space accounts for more than 20,000 square feet, or fully one-quarter of the overall size of the building.

"We capitalize on every buy," Trottier says. "We built this to accommodate everything, so we can do the same things that Cub can do. It is all cost-efficient, so that if a deal goes off, we can buy 2,500 cases or whatever. We can hold things for two or three weeks, we can buy pallet quantities and direct truckloads."

Of course, Trottier remains a proponent of the sports-as-a-metaphor-for-life school of retailing. "You've got to develop that aggressive attitude," he says. "I always relate that to sports because I find that if a man is going to work hard at being a good athlete, you can get that same kind of dedication in the grocery store."

Which reminds him of a coup he made recently. "I got this 6'5" basketball player for our team," he says. "I've got him working down in the meat department." Trottier smiles, then goes off to make sure the checkouts are running smoothly. There are, it seems, all sorts of ways to have a winning season. ▪

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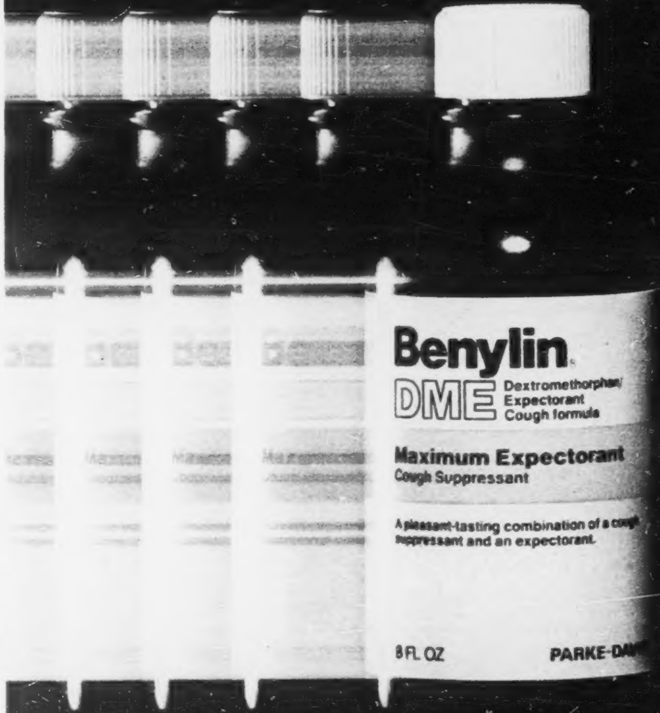
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SUPERMARKET BUSINESS

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SUPERMARKET BUSINESS

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39TH ANNUAL
CONSUMER EXPENDITURES STUDY

All segments of the grocery industry grew in 1985, although the rate of growth was slightly slower than the year before. Sales at instore delis and bakeries continued to grow dramatically.

This 39th Annual Consumer Expenditures Study (CES) is our largest ever. It has been revised to make it more useful and more easily readable.

Leading up to the statistical tables are six pages of introductory charts and tables, designed to give readers quick highlights of how various kinds of supermarkets performed last year, and notable winners and losers in supermarket sales. Following the tables are 25 "focus" features, analyzing trends in the major categories.

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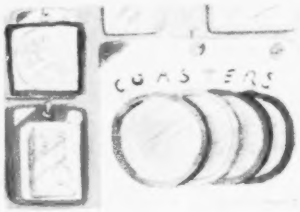

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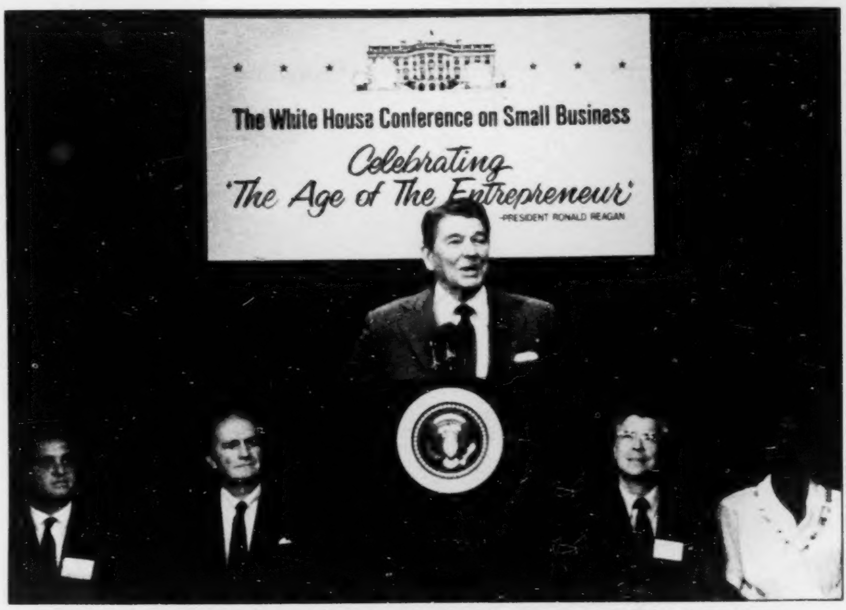

The White House Conference on Small Business
Celebrating 'The Age of The Entrepreneur'
-PRESIDENT RONALD REAGAN

Hour Photo/Mary McGee

Stew Leonard (seated, second from right) receiving an Award for Entrepreneurial Excellence from President Reagan at a recent ceremony.

Mr. Leonard Goes To Washington

WASHINGTON— In the end, he couldn't even milk it for all it was worth. On Friday, Aug. 15, Stew Leonard, the renowned Connecticut supermarket retailer, received an Award for Entrepreneurial Excellence from President Reagan (above), in anticipation of a speech, "The Four Secrets of Success," he was to give the following Monday to the White House Conference on Small Business.

Leonard reportedly told Reagan that he "couldn't have made it without the Small Business Administration," a Federal bureau the President has been criticized for weakening. Reagan's response: "Oh, really?" Then, flying back home for the weekend, Leonard was hit with a severe attack of bleeding ulcers; his plane made an emergency landing at LaGuardia Airport in New York, and he was rushed to Norwalk Hospital in Connecticut. His speech was cancelled, and his son, Stew Jr., went to Washington to offer his regrets.

Leonard was out of the hospital and working later that week.

Kroger Manager Reads to Win SB Contest

FAIRVIEW HEIGHTS, ILL.—It may have taken Tony Black years of trying, but persistence paid off last month in the form of a brand new 21-inch color television set.

That's what he won for going 10 for 10 with answers to the contest questions posed in SUPERMARKET BUSINESS's July issue. Black, a grocery/nonfoods manager with The Kroger Co.'s (Cincinnati) Number 4 Market Place store in Fairview Heights, Ill., was randomly picked from the many contestants who answered July's test correctly.

A first time

"I can't believe it—I just finished reading the August issue when you called—the article on red meat," Black said, when he was told the good news with a telephone call to his home in St. Louis, Mo. "I've never won anything in my life—never. I've been entering the contest for the last two-and-a-half years."

Black said he began reading SUPERMARKET BUSINESS when he started with Kroger's warehouse division five years ago. "I'd read it when I was on break," he said.

Special features

"I've been in management for the past three-and-a-half years," Black added. "I read it every month. I especially like the special features—the stories on different instore departments, the delis and bakeries, the merchandising philosophies and new innovations. But I read the 'Editor's View,' too, the 'Washington Brief'—I read it all."

Black added that he's not the only avid SB reader in the house. "My daughter reads it, my wife reads it," he said. "We all read it." And while the family also watches T.V., he added that "you can always use another." Let's just hope that the new T.V. doesn't prove attractive enough to cut into the time the Black family spends reading SUPERMARKET BUSINESS!

This month's contest appears on page 250, and a lucky winner can pick up a videocassette player.

New Jersey Bank Goes Shopping For Supermarket Retailer

SHORT HILLS, N.J.—The supermarket business, long avoided by many investors because of their low margins and rates of return, is turning out to be good business for a bank here.

New Jersey National Bank (NJNB), which has been loaning money to supermarket retailers for more than two decades, currently has as clients more than 80 stores and 10 chains in both upscale and less prosperous areas of the state, according to Kerry Cahill, vice president and manager of NJNB's regional commercial center here.

As a result of the bank's success, she said, NJNB is actively seeking out new customers in the grocery industry.

Independent of competition

"Some of the chains are larger and some of them are one or two store operators," Cahill said. "A lot of them are ShopRite or Foodtown operators." And many of them even compete with each other in the same communities. "We stay independent of the competitive situation, and keep all our dealings independent and confidential," Cahill said. "In situations like that, we evaluate the market, and most times we come to the conclusion that it can support both stores."

While in dollar terms, NJNB's money is committed approximately equally to new store construction and remodelings, Cahill noted that there are at least two or three times as many renovations taking place in New Jersey as there are new stores being built.

Loans beget loans

"Increased competition in the past few years has challenged players in the supermarket industry like never before," she said. "Good store owners are always looking for ways and means to improve their stores; to keep pace with the competition, some stores undergo both minor and major remodeling on a regular basis." When one store remodels, competitors usually decide to follow suit: that means snowballing business for the bank, Cahill said.

Minor remodeling

Minor remodeling can cost between $500,000 and $600,000, according to NJNB; major renovations may run upwards of $1 million. New stores can carry a price tag of more than $3 million. In some cases, the cost of renovation or construction requires no down payment by the retailer.

"It really depends on the situation," Cahill said. "We might finance 100 percent of a cost, maybe, if the retailer plans to do another one all by itself. Generally, we're looking for them to put something up themselves."

Less is More, New Study Reports

ATLANTA—A new study by the Calorie Control Council here suggests that many Americans have turned into lean, mean eating and buying machines: some 65 million Americans, when asked, say that they are on a diet.

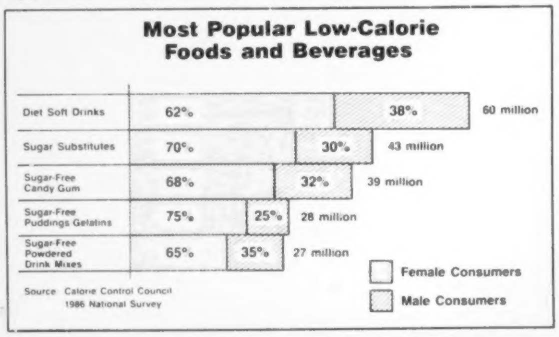
"The popularity of reduced-calorie foods and beverages has exploded into a national phenomenon," the report states, noting that:

☐ the number of people consuming low-calorie foods and beverages has almost doubled in the past eight years;

☐ more than 78 million Americans age 18 and older consume low-calorie products;

☐ more women use reduced-calorie items than men, as 48 million females use the products, compared to 30 million men.

The study also examined the reasons people go on diets—"overall health" is the top-rated response, followed by "weight reduction," "weight control" and "maintaining an attractive physical appearance." According to the Calorie Control Council, diet soft drinks are the most popular diet product on the market today, followed by sugar substitutes as tabletop sweeteners, sugar-free gum or candy, sugar-free puddings or gelatins, and sugar-free powdered drink mixes.



A new study from the Calorie Control Council says that more women use reduced-calorie items than men.

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SUPERMARKETS REFLECT AMERICA'S ECONOMIC AND SOCIAL TIMES

BY DAVID LITWAK, DIRECTOR OF RESEARCH

Sales were up in the supermarket industry, but growth was less than last year. Service departments, especially instore delis and bakeries, continue to post strong increases.

As was the case with many segments of American life, the trends in the food industry in 1985 were toward a slowing down and an inward expansion rather than a rapid outward growth.

On the economic front, 1985 saw a growth in grocery store sales (4.7 percent), but this was slightly less than it had been in previous years (5.1 percent in 1984). Grocery store growth paralleled the growth patterns found in many of the nation's retail industries during the last year. For instance, motor vehicle sales grew 12.9 percent in 1985 compared to 19.0 percent in 1984, while building supply and hardware stores' sales increased only 7.8 percent in 1985, compared with 15.1 percent the previous year.

These examples of growth-rate slowdowns are repeated throughout all segments of the retail industries group. As a matter of fact, grocery store growth rates in 1985 did better than many of the other retail growth rates, slowing only 0.4 percent. The growth rate of the grocery industry was the fifth highest among the 12 industries in the retail group in 1985, moving up from 10th in 1984. Only hardware stores and restaurants grew faster than grocery stores last year, in terms of retail industries catering to smaller repetitive purchases.

Slowdown in many segments

1985 saw the slowdown of growth in many segments of the economy. The Gross National Product (GNP) rose only 2.6 percent, while the population increased an estimated 5.3 percent. Unemployment stayed fairly steady in 1985, dropping only to 7.1 percent from 7.4 percent. The value of real final sales (GNP minus inventory) rose at an annual rate of 3.3 percent in 1985, while business accumulated inventories of only $2.5 billion during the third quarter of 1985, versus $17 billion during the fourth quarter of 1984.

The upshot of these economic indicators is that the U.S. economy grew, but at a more cautious rate than in 1984, and the same is true with its second largest retail industry: the grocery industry.

The growth that we do see in grocery sales during 1985 is, to a good measure, real growth. The Consumer Price Index (CPI) for food eaten at home was up only 1.4 percent, which is the lowest it has been in quite a while. Since prices did not go up to any great extent in 1985, much of the industry's 4.7 percent growth comes from increased product movement (tonnage was reported to be up 3.3 percent).

Food price increases were among the lowest of all essential commodities last year. The 1.4 percent increase in the food-at-home CPI can be favorably compared with the 4.0 percent in housing, 2.5 percent in apparel, 3.2 percent in new cars, and 6.2 percent in medical care CPI increases in 1985.

It probably comes as no surprise to anyone that the trend

CONSUMER EXPENDITURES STUDY

The growth seen in grocery sales during 1985 is, to a good measure, real growth. Much of it comes from increased product movement, since prices didn't rise much.

towards bigger stores is continuing. In 1985 many retailers continued to stress the super stores and the warehouse stores at the expense of the smaller retailers, and in many cases the conventional supermarkets. There was little change in the retailing market share in 1985 from that of the previous year.

Supermarkets (those with annual sales of over $2 million) continue their total dominance of the shares in the grocery dollars. Of every dollar spent on food for the home, 71.6 cents finds its way into supermarket cash registers. This is up just 0.1 percent from last year. The same increase was earned by the superettes, those groceries with sales of between $1-$2 million, whose sales now represent 5.7 percent of the total. Groceries with sales under $1 million account for 16.9 percent.

This seems to be a large chunk of the total, especially when compared to superettes, but it gets considerably less impressive when one remembers that this category has something on the order of 116,000 stores, compared to approximately 9,400 superettes, and 30,500 supermarkets.

What about the non-grocery portion of the retail food dollar, that last bastion of individual expertise—the specialty food store? Well, it's alive and well, and living inside the supermarket. 1985 saw the continued increase in the number of service departments within the larger stores, while at the same time, actual specialty food stores lost some of their market share, falling to 5.8 percent (from 6.0 percent in 1984).

Service delis (up 12.8 percent), instore bakeries (up 12.6

Continued on page 239

METHODOLOGY

The 39th Annual Consumer Expenditures Study (CES) represents a consorted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 38 prior studies, the 39th annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry. The Consumer Expenditures Study is only published by SUPERMARKET BUSINESS; its content in large part belongs to its contributors.

The content of the CES is derived from input into each of the 600-plus categories by the leading manufacturers, processors, packers, and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, government agencies, market research firms, trade associations and, of course, wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of high technology scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaires were supplied with sales estimates from the 38th Annual CES (1984) for the product lines in which they specialize. We asked them to indicate the percent change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we asked them to supply industry-wide figures, and not their own sales figures. They also had the option to adjust previous sales figures according to their knowledge of the market.

Once these responses had been recorded, they were verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each number was cross-checked, even if the response came from a marketer who had a 75 percent share of a particular category.

The result of all of this is the consolidation of information into one set of numbers that represents the percentage change in the total domestic, grocery, and supermarket sales from 1984 to 1985 that is then applied to the 1984 base figure or, if situations warrant, a revised 1984 base figure.

The 1985 CES contains 26 categories that were not previously broken out in our annual studies. These represent changes in the marketplace that we've incorporated into the study. Figures for these new categories were, in most cases, included in miscellaneous or "other" categories. In order to reflect accurately the changes in the new categories, and the store departments from which they are drawn, it was necessary to revise some of the previously published 1984 figures to include that year's sales in these categories. Wherever the 1984 sales of a category or department have been revised a footnote appears explaining the revision.

A special acknowledgment needs to be given to Norman and Melanie Bussel, whose help was invaluable in the production of the 39th Annual CES.

OUR DEFINITIONS OF GROCERY STORES

Some of the following terms are referred to in this report. To assist interpretations of our findings, they are listed below:

Supermarket: Complete, full-line self-service and partially service food markets, with a minimum of $2 million per year.

Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.

Convenience Store: Small food stores, usually open extended hours and selling a limited line of fast-moving items.

Specialty Stores: Stores whose primary line may be meat, dairy, produce, drug or GM.

All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.

Chain: An operation of eleven or more food retailing stores, regardless of individual dollar volume.

CONSUMER EXPENDITURES STUDY

AMERICANS AS ARTIFACTS: EXAMINING TODAY'S SHOPPERS THROUGH THEIR SPENDING HABITS

How America lives is delineated in the 39th Annual Consumer Expenditures Study.

BY KEN PARTCH, EDITOR-IN-CHIEF

It is a fact of life, and of history, that how people actually lived at some point in human development can be found among their artifacts—that is, a vase, a vessel, a cooking utensil or a tool. With SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), we can do better than that.

For example, are people spending more time in their track shoes and sneakers? They must be. Why else would athlete's foot medications have shown a sales increase of 18.1 percent in 1985?

How do Americans feel about their pets? Well, we know from the latest CES that most pet owners would probably rather go hungry themselves, or at least share whatever they had, than see their pets go unfed. Americans spent $5.5 billion on pet food in 1985 in grocery stores, and that's 4.4 percent more than the year before, and that's just about the same increase that they spent on food for themselves.

Fussy felines

Going a little deeper, we see that those fussy felines really do get their masters to do their bidding. Total spending on cat food in the nation's grocery stores increased by a whopping 6.8 percent in the dry food category while that for dogs increased by only 4.3 percent. What's more, canned cat foot went up 6.9 percent, while canned dog food increased only 0.2 percent.

Look at cat litter: up 10.5 percent. There isn't even anything called dog litter. No self-respecting dog would allow it. Pet snacks God help us, rose 6.1 percent last year.

And if pets don't live on food alone, neither do men. Men's hair dressing increased by 11.9 percent—imagine. Not too long ago, the man who used brilliantine on his hair was considered something less than a gentleman. Men's hair spray, fair to tell, went up 9.6 percent.

America the beautiful, and how it gets that way is clearly reported in the pages of the Annual CES Study. In the foppish period of, say, Elizabethan times, men were clearly more beautiful than women, and dressed accordingly. But they adorned their heads with wigs. Today, men spend $135.8 million in a single year, 1985, on hair care, and it's going up.

Women, who need much more of it, spent more than four times that amount, or 594.5 million. Taken together, that amount of money would probably have fed Elizabeth's entire navy for a year. And look what women do to their hair, trying to get to look as beautiful as men's hair. They color it, of course, they cream rinse it, they put barrettes in it, they bobby pin it (still), they curl it, they roll it, they net it, they pin curl it, they ponytail it, they wave it, they set it, they dress it and condition it and then spray it.

Babies are "in"

Babies are fashionable again, the CES shows. Nipples and pacifiers were up 13.9 percent, while Americans spent some $2 billion on disposable diapers in 1985. That's probably the entire annual budget of many sovereign countries in the world. That's almost as much money as the entire population spends on toilet paper, for example.

Take another human indicator of how America lives from the annual SUPERMARKET BUSINESS report: paper, plastic and foil products. The things we use just to wrap our food, store it and help to clean up with. In 1985, America spent better than $9 billion for this stuff, and it's going up at the rate of 5.4 percent.

There are 25 separate "focus" stories in this issue to give this kind of insight into how America spends its grocery dollars. And there's a lot more spent in grocery stores these days than one might find on the shopping list of the average shopper.

Such things as panty hose, where 20 percent of all the panty hose that is sold goes through grocery stores. Better than half of all the shoelaces sold are to be found in the nation's grocery purchases. Most people may buy their toothbrushes in other kinds of outlets, but when it comes to toothpaste and powder, the stuff you use everyday, two out of three purchases are made at the grocery store. And they must be brushing a lot more, because sales are up 10.9 percent.

There is more fascinating social and anthropological data such as this on some 600 product categories. Many have been broken out for the first time this year.

The change to more fresh foods for Americans is also seen in the rapidly growing refrigerated foods category. Chilled juices are the big gainers here, but somewhere just over the horizon, many experts feel that refrigerated entrees ready for the microwave oven is the next big convenience food category, and a real challenge to the food purchased and eaten away from home.

The working woman, and two-working people households who spend so much on food away from home are expected to have a real alternative, immediately available for the same evening or right from the refrigerator. Growth in this category will mean important changes for store design and product distribution.

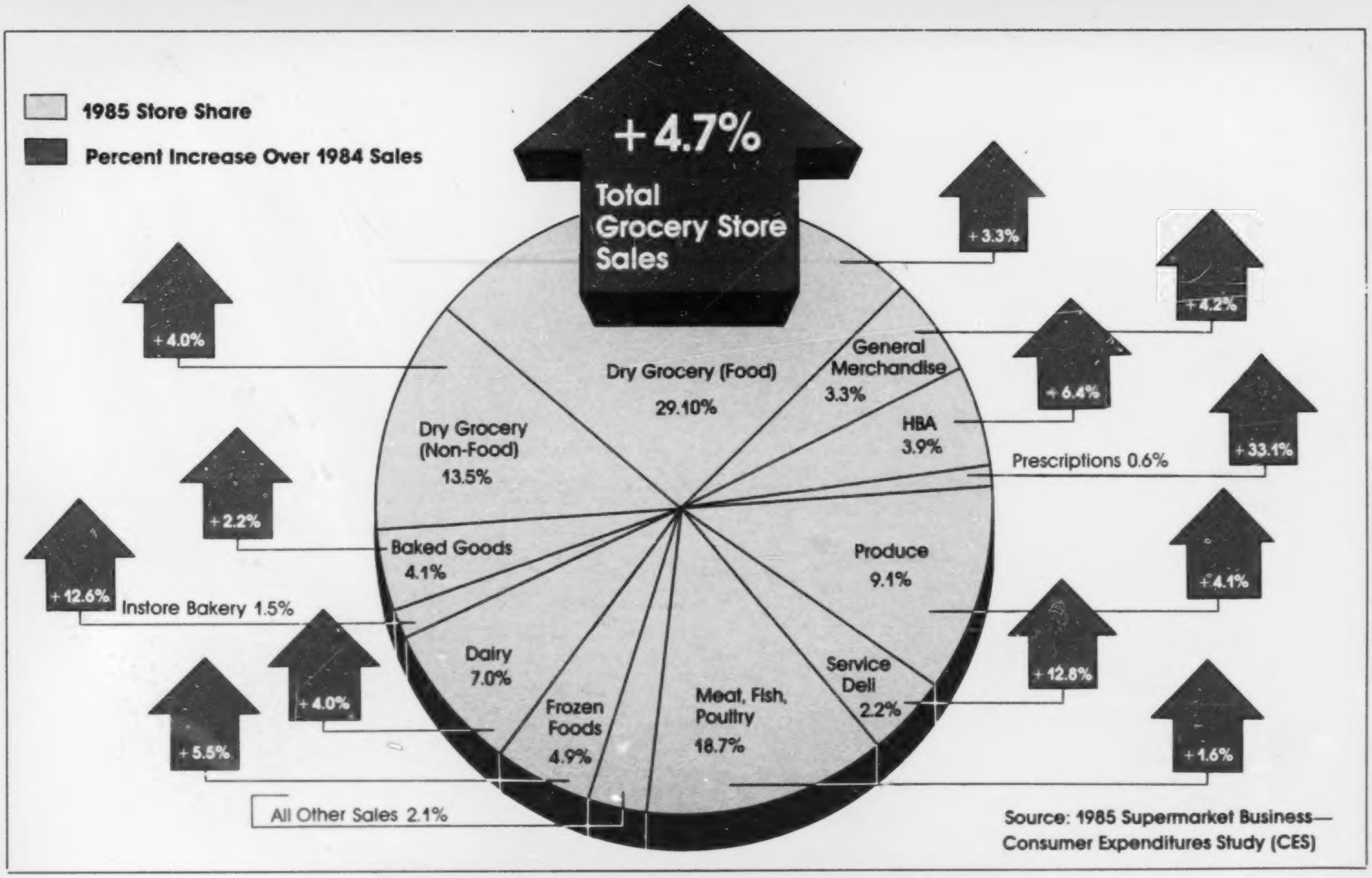
Refrigerated juices and drinks are well-known growth stories in the refrigerated case, but the need for convenience and quality will spur a new generation of food products for the supermarket.

The growth of instore bakeries and delis is also documented in this report, and testifies to the increasing shift to service and fresh food that is changing the entire character and appeal of the nations supermarkets.

Supermarket operators and managers are becoming food merchants once again, rather than mere purveyors of packaged goods. Fresh produce, from the exotic imports to the preripened and semiprepared, along with service fresh meat, and precooked and ready-for-cooking meat dishes have served to round out today's total food needs approach of the new breed of supermarkets and specialty stores.

Many observers feel that the surface has just been scratched in what can be done to meet the nation's demands in the area of high quality and convenient foods. The supermarket today can provide quality food fast, not merely fast food.

HIGHLIGHTS



Source: 1985 Supermarket Business—Consumer Expenditures Study (CES)

Service still smiles on supermarket sales: the most notable percentage increases seen in the chart above are for instore bakeries and service delis, and prescriptions at instore pharmacies. Each department's contribution to total store sales remained virtually the same as in 1984, but all showed sales increases. Food prices last year rose by only 1.4 percent, so the 4.7 percent increase in total grocery store sales is significant. Tonnage grew at 3.3 percent.

WEEKLY SPENDING IN GROCERY STORES REACHES $58.85 PER HOUSEHOLD, $21.43 PER CAPITA

	1985		1984	
POPULATION	238.4 million		237.1 million	
HOUSEHOLDS	86.8 million		86.1 million	
	ANNUAL	**WEEK**	**ANNUAL**	**WEEK**
PERISHABLES				
Per capita	$ 529.58	$10.18	$ 513.57	$ 9.88
Per household	$1,454.52	$27.97	$1,414.25	$27.22
DRY GROCERY (FOOD)				
Per capita	$ 324.24	$ 6.24	$ 303.76	$ 5.84
Per household	$ 890.52	$17.13	$ 836.48	$16.09
TOTAL FOODS				
Per capita	$ 853.82	$16.42	$ 817.33	$15.72
Per household	$2,345.04	$45.10	$2,250.73	$43.29
DRY GROCERY (NONFOOD)				
Per capita	$ 149.97	$ 2.88	$ 146.30	$ 2.81
Per household	$ 411.91	$ 7.92	$ 402.87	$ 7.75
GENERAL MERCHANDISE/HBA*				
Per capita	$ 86.91	$ 1.67	$ 106.40	$ 2.05
Per household	$ 238.70	$ 4.59	$ 293.02	$ 5.64
GRAND TOTAL†				
Per capita	$1,114.21	$21.43	$1,070.03	$20.58
Per household	$3,060.22	$58.85	$2,946.62	$56.67

NOTE: Population and household data from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures from 1985 C.E.S.

*Not comparable to 1984 figures due to changes in the General Merchandise category
†Includes sales of merchandise not classified in above categories

Weekly spending at grocery stores didn't rise significantly last year over 1984, since food prices did not rise much.

Americans are spending more money on the "lighter" foods, such as fish and produce. But they are also indulging their sweet tooth at the supermarket—or responding to the allure of service departments—by increasing their purchases of instore bakery goods. The instore deli has also proved to be a hit, because the number of instore delis has grown, and because the service deli is appealing to a larger number of consumers.

The increase in the wine/liquor segment can be attributed to the rapid growth in wine coolers, as Americans switch to lighter, "pop" drinks. In the general merchandise and HBA arena, the growth in prescriptions sold at supermarkets is due mainly to the growing number of instore pharmacies: retailers are realizing the benefits of having a dependable pharmacist instore, both as an image builder and a traffic draw.

HOW AN AVERAGE HOUSEHOLD DOLES OUT ITS DOLLARS IN GROCERY STORES EACH WEEK

	1985	1984*	CHANGE
PERISHABLES			
Baked goods	$ 2.41	$ 2.35	+2.2%
Dairy	4.12	3.96	+4.0
Frozen foods	2.87	2.71	+5.5
Fresh meat and provisions	8.84	8.87	−0.3
Fresh fish	0.60	0.54	+10.8
Fresh poultry	1.57	1.42	+9.7
Produce	5.33	5.11	+4.1
Instore bakery	0.91	0.79	+12.6
Instore deli	1.29	1.12	+12.8
Total	**$27.97**	**$26.97**	**+3.7%**
DRY GROCERY (FOOD)			
Beer	$ 2.87	$ 2.90	−1.2%
Wine, liquor, coolers	1.00	.85	+15.2
Baby food	.38	.35	+9.8
Breakfast foods	1.16	1.04	+10.7
Candy and chewing gum	.68	.65	+3.7
Canned foods			
Fruits	.33	.32	+2.2
Juices and drinks	.72	.69	+4.5
Meat and poultry	.34	.35	−2.0
Milk	.90	.90	—
Seafood & fish	.40	.39	+1.8
Soups	.45	.41	+7.8
Vegetables	.67	.67	—
Prepared Drinks	1.64	1.64	—
Dried foods	.52	.50	+3.5
Jams, jellies and preserves	.41	.41	—
Macaroni, spaghetti, noodles	.21	.20	+7.1
Desserts	.13	.12	+5.8
Soft drinks	1.49	1.44	+3.6
Sugar	.33	.35	−7.3
Miscellaneous	2.50	2.29	+3.3
Total	**$17.13**	**$16.48**	**+3.3%**
Total Foods	**$45.10**	**$43.45**	**+3.8%**
DRY GROCERY (NONFOOD)			
Paper goods	$ 2.02	$ 1.93	+5.4%
Soaps, detergents	1.18	1.15	+2.7
Other household supplies	1.09	1.06	+3.4
Pet foods	1.22	1.18	+4.4
Tobacco products	2.38	2.30	+3.3
Total	**$ 7.92**	**$ 7.62**	**+4.0%**
GENERAL MERCHANDISE/HBA			
Health and beauty aids (nonprescription)	$ 2.28	$ 2.14	+6.4%
Prescriptions	.35	.26	+33.1
Housewares	.19	.19	—
All other general merchandise	1.58	1.81	−12.7
Total	**$ 4.59**	**$ 4.40**	**+4.3%**
All other sales	$ 1.24	$ 1.20	+3.3%
GRAND TOTAL	**$58.85**	**$56.67**	**+3.8%**

Source: 1985 C.E.S.

*1984 figures revised from those previously published to reflect inclusion of new items

CATEGORIES THAT INCREASED IN SALES IN 1985

LARGEST PERCENTAGE INCREASES IN DOLLAR SALES

RANK	CATEGORY	1985 GROCERY STORE SALES (000)	% INCREASE	% OF STORE VOLUME
1	Alcohol Coolers	564,300	185.0	0.21
2	Blank Video Tapes	45,810	52.7	0.01
3	Contact Lens Care Products	39,549	39.7	0.01
4	Prescriptions	1,588,613	33.1	0.59
5	Still Cameras	54,268	28.7	0.02
6	Fruit Bars & Rolls	197,688	28.3	0.70
7	Frozen French Toast, Pancakes	47,810	25.7	0.01
8	Comic Books	30,140	25.2	0.01
9	Eye Lotions, Washes	58,748	23.8	0.02
10	Blank Audio Tapes	13,398	21.8	0.00
11	Bottled Water	252,067	20.3	0.09
12	Hand Creams	7,050	19.1	0.00
13	Yogurt	1,583,082	18.6	0.59
14	Waveset Preparations	9,575	18.6	0.00
15	Road Salt & Ice Pellets	25,618	18.6	0.00
16	Premoistened Wipes	114,392	18.2	0.04
17	Athlete's Foot Medications	21,734	18.1	0.00
18	Canned Grapefruit Juice	157,462	17.8	0.05
19	Tampons	280,425	17.8	0.10
20	Pepper	129,566	17.3	0.04

LARGEST VOLUME INCREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES INCREASE (000)	% INCREASE	% OF STORE VOLUME
1	Service Deli	662,173	12.8	2.19
2	Fresh Poultry	628,300	9.7	2.67
3	Fresh Fruit	544,843	5.8	3.74
4	Instore Bakery	459,918	12.6	1.54
5	Cold Cereals	437,257	11.6	1.58
6	Fresh Vegetables	399,515	2.9	5.32
7	Prescriptions	395,453	33.1	0.59
8	Alcohol Coolers	366,300	185.0	0.21
9	Cigarettes	330,004	3.3	3.82
10	Fresh Fish & Seafood	264,120	10.8	1.02
11	Yogurt	248,274	18.6	0.59
12	Frozen Poultry	218,119	13.6	0.67
13	Fresh Milk	167,930	2.9	2.30
14	Potato Chips	162,136	9.8	0.68
15	Frozen Dinners	145,388	10.3	0.58

The astonishing success of wine coolers (a result of the nation's move toward lighter alcoholic beverages), which revitalized a flagging wine industry, is seen in its ranking as number one in largest percentage increase in dollar sales. Number two, videotapes, is a sign of both the boom in videocassette machines, as well as supermarkets' growing commitment to the nonfoods area. In the volume increase chart, the move to service and freshness is noted: deli, poultry, fresh fruit and the instore bakery lead the list.

CATEGORIES THAT DECREASED IN SALES IN 1985

LARGEST PERCENTAGE DECREASES IN DOLLAR SALES

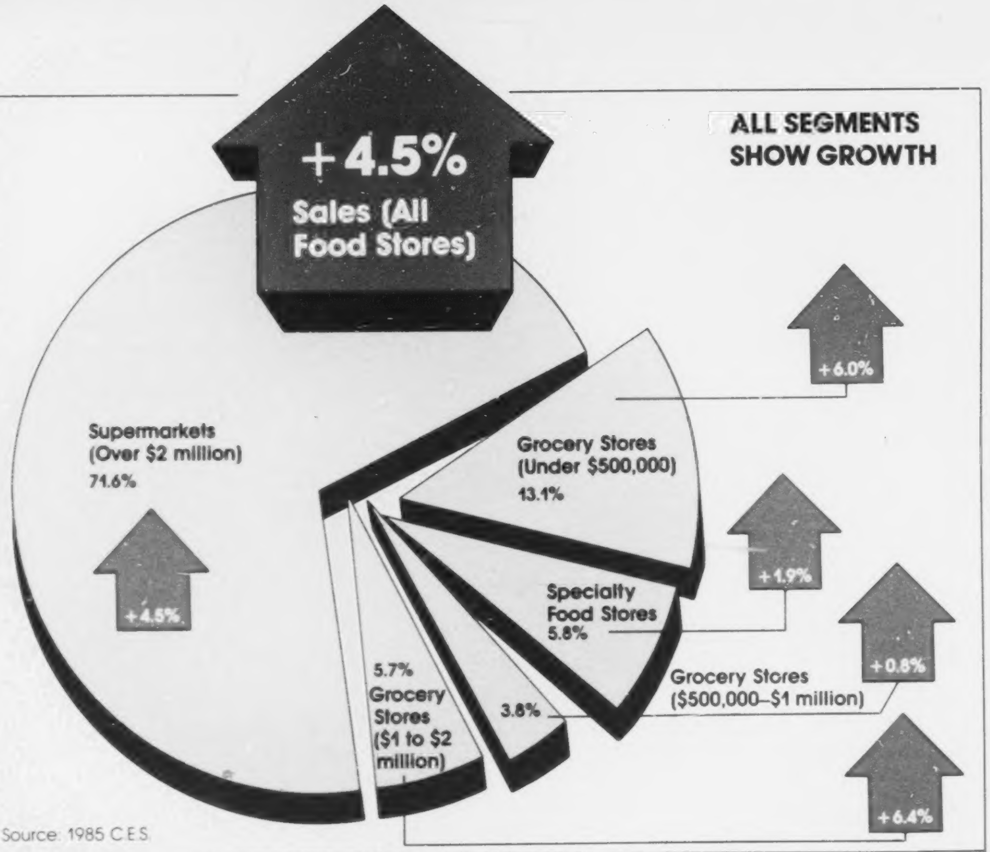
RANK	CATEGORY	1985 GROCERY STORE SALES (000)	% DECREASE	% OF STORE VOLUME
1	Metered Calorie Meals	78,020	−27.6	0.02
2	Color Shampoo	2,930	−16.3	0.00
3	Baby Pants	12,528	−15.6	0.00
4	Frozen Meat	227,133	−14.3	0.08
5	Dried Toppings	14,931	−13.2	0.00
6	Flash Bulbs & Cubes	38,230	−11.4	0.01
7	Cigars	78,500	−10.8	0.02
8	Frozen Grape Juice	95,561	−10.8	0.03
9	Honey	131,113	−10.7	0.04
10	Oven Cleaners	63,709	−9.8	0.02
11	Liquid Starch	12,032	−8.3	0.00
12	Prepared Food Drinks	116,504	−8.2	0.04
13	Bubble Gum	182,656	−7.9	0.06
14	Dry Milk Powder	131,185	−7.9	0.04
15	Sugar	1,491,921	−7.3	0.56
16	Garden Seed Packets	61,657	−7.3	0.02
17	Motor Oil	206,255	−7.3	0.07

LARGEST VOLUME DECREASES IN DOLLAR SALES

RANK	CATEGORY	DOLLAR SALES DECREASE (000)	% DECREASE	% OF STORE VOLUME
1	Fresh Beef	170,945	−0.8	7.98
2	Beer	156,142	−1.2	4.88
3	Sugar	117,487	−7.3	0.56
4	Natural Cheese	82,893	−4.6	0.64
5	Instant Coffee	70,856	−4.6	0.55
6	Cured Ham & Picnics	67,134	−3.0	0.81
7	Fresh Pork	46,013	−1.2	1.42
8	Frozen Meat	37,900	−14.3	0.08
9	Metered Calorie Meals	29,151	−27.6	0.02
10	Packaged Bacon	26,741	−1.2	0.82

Metered calorie meals, which last year topped the list of percentage increases in dollar sales, here are at the other end of the scale, a trend reversal if ever there was one. Color shampoo, another fad, suffered the same fate. The trend of lighter eating is seen among biggest volume decreases: fresh beef ranks first, with big decreases also posted for sugar, cheese, ham and pork products. Beer, ranked second, is a victim of the mood of temperance around the country.

ALL SEGMENTS SHOW GROWTH



Source: 1985 C.E.S.

Sales growth is seen in most segments of the food industry. Even medium-sized grocery stores (with sales of $1 to $2 million a year), which last year posted sales declines, grew significantly in 1985. The larger supermarkets still dominate, however, but their percentage of total sales remains about the same as in 1984. The number of grocery stores declined, from 158,703 in 1984 to 156,703 last year.

FOOD STORE SALES—BY STORE VOLUME

	SALES (000)		PERCENT OF VOLUME	
	1985	1984	1985	1984
SUPERMARKETS over $2 million	$201,876,520	$193,105,521	71.6%	71.5%
SUPERETTES $1 million to $2 million	$ 15,937,620	$ 14,975,148	5.7	5.6
OTHER GROCERY STORES under $1 million*	$ 47,812,860	$ 45,623,331	16.9	16.9
Total Grocery Stores	**$265,627,000**	**$253,704,000**	**94.2**	**94.0**
Specialty Food Stores†	$ 16,571,000	$ 16,255,000	5.8	6.0
TOTAL FOOD STORES	**$282,198,000**	**$269,959,000**	**100.0%**	**100.0%**

*Includes convenience stores and other small grocery stores.
†Includes meat, seafood, fruit and vegetable markets, confectionery, bakery, dairy and other food stores.

Source: 1985 C.E.S.

FOOD STORE SALES—BY AFFILIATION

	SALES (000)	PERCENT OF VOLUME
	1985	1985
Independent Grocery Stores	$111,544,000	39.5%
Chain Grocery Stores	$154,083,000	54.7
Total Grocery Stores	**$265,627,000**	**94.2**
Specialty Food Stores	$ 16,571,000	5.8
TOTAL FOOD STORES	**$282,198,000**	**100.0%**

*Chains (11 or more stores)

Source: 1985 C.E.S.

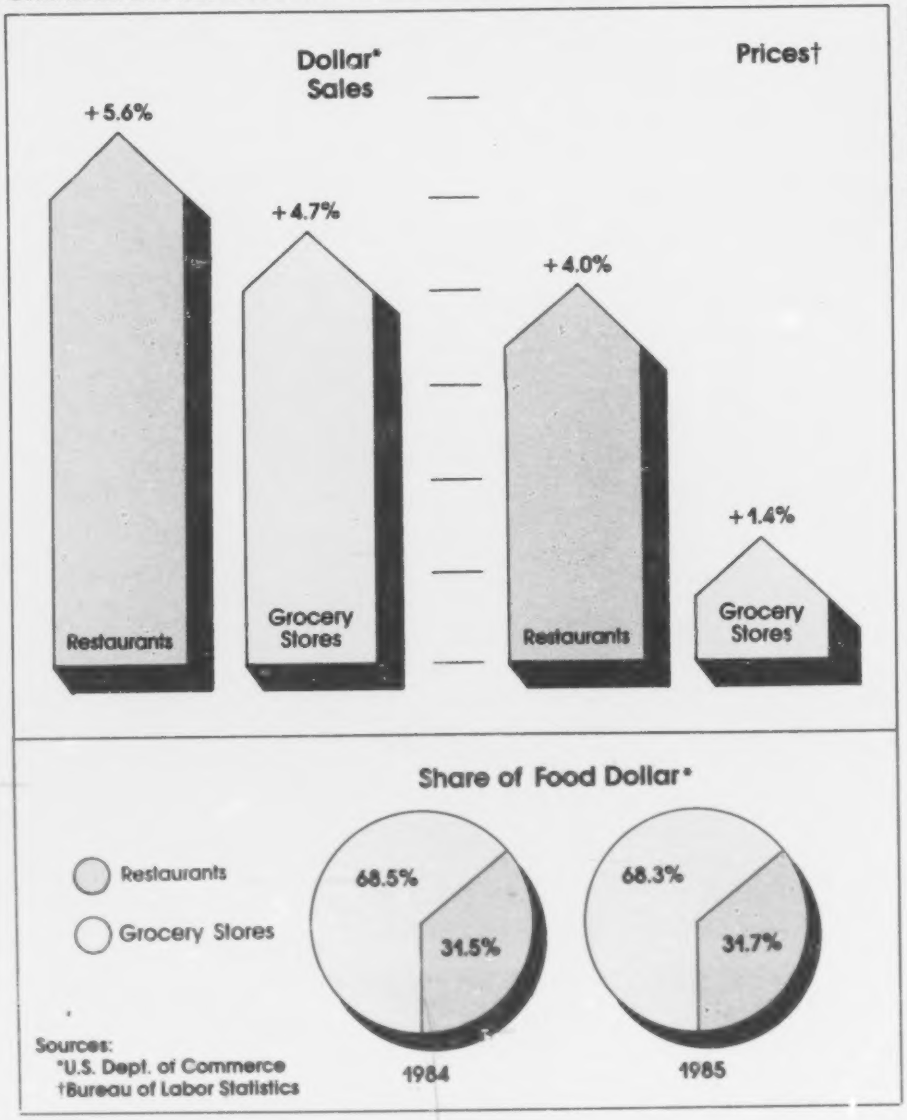
GROCERY STORE SALES TRENDS: 1985*

Number of Grocery Stores	156,703
Sales (000)	$265,627,000
Sales per store	$ 1,695,098
U.S. Population	238,372,000
"People" per store	1,521
Number of Grocery Stores	
Over $2,000,000	30,500
$1,000,000–$2,000,000	9,420
$500,000–$1,000,000	12,536
$500,000 or more	52,456
All other	104,247
Sales (000)	
Over $2,000,000	$201,876,520
$1,000,000–$2,000,000	15,937,620
$500,000–$1,000,000	10,625,080
$500,000 or more	$228,439,220
All other	$ 37,187,780
Sales per store	
Over $2,000,000	$ 6,618,902
$1,000,000–$2,000,000	1,691,892
$500,000–$1,000,000	847,565
$500,000 or more	$ 9,158,359
All other	$ 356,728
Chains (11 or more stores)	18,178
Total Sales (000)	$154,083,000
Sales per store	$ 8,476,345
% of Total Sales	58.0%
All other stores	138,525
Total Sales (000)	$111,544,000
Sales per store	$ 805,226
% of Total Sales	42.0%

*Grocery store sales reported by U.S. Dept. of Commerce

HIGHLIGHTS

GROCERY STORES SHOW MORE REAL SALES GROWTH*



Sources:
*U.S. Dept. of Commerce
†Bureau of Labor Statistics

Dollar sales at restaurants have increased faster than at grocery stores. But prices at grocery stores have risen only slightly, so therefore, the grocery industry shows more real sales growth. Tonnage increased by 3.3 percent at grocery stores, while at restaurants, it increased by only 1.6 percent.

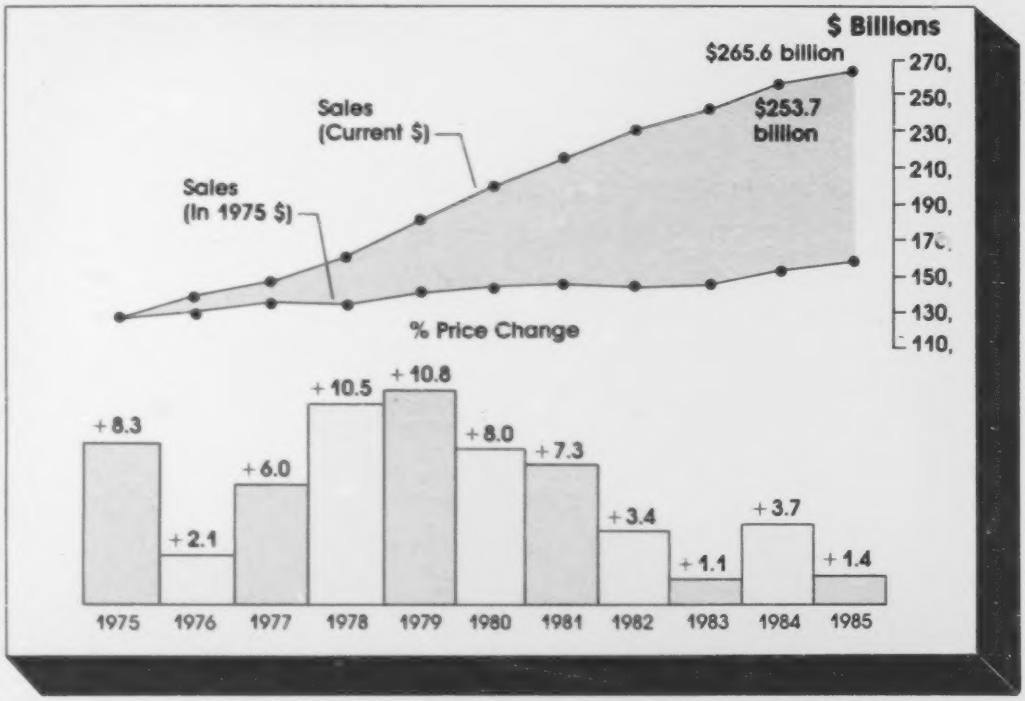
RANKING OF RETAIL SALES BY TRADE*

	1985 SALES (MILLION)	PERCENT OF TOTAL	CHANGE VS. 1984
ALL RETAIL STORES	$1,373,941	100.0%	+10.6%
Motor vehicle dealers	312,793	22.8	+12.9
Building supply, hardware stores	74,062	5.4	+7.8
Furnishings, appliances	68,112	5.0	+7.1
Eating and drinking places	131,035	9.5	+5.6
Grocery Stores	265,627	19.3	+4.7
Apparel group	69,673	5.1	+4.2
Drug and proprietary stores	46,014	3.3	+4.2
General merchandise group	159,456	11.6	+3.8
All other retail stores	112,029	8.2	+3.6
Gasoline service stations	100,767	7.3	−0.2
Specialty food stores	16,571	1.2	−0.3
Liquor stores	17,802	1.3	−8.7

*Source: U.S. Dept. of Commerce

Perhaps because more and more supermarkets are offering and advertising "one-stop shopping," grocery stores are moving up in the ranking of retail stores by trade.

LITTLE REAL SALES GROWTH SEEN



From a 1975 sales base of $129.2 billion, sales more than doubled to $265.6 billion in 1985. Making allowances for a 69.1 percent increase in prices over that time, the real—or tonnage—growth was 21.6 percent. That leaves a less-than-robust per capita growth over population increase.

CPI CHANGES FOR 1985-1984 SHOW NO DRAMATIC CHANGES IN SUPERMARKET PRICES

*Source: Bureau of Labor Statistics, Consumer Price Index

	Percent Change 1985	Percent Change 1984
FOOD	+ 2.3	+ 3.8
Food away from home	+ 4.0	+ 4.2
Food at home	+ 1.4	+ 3.7
Food and beverages	+ 2.3	+ 3.8
CEREALS & BAKERY	+ 3.8	+ 4.4
Bread, white	+ 2.5	+ 3.3
Other bread	+ 3.2	+ 3.4
Cookies	+ 5.4	+ 6.1
Cakes, cupcakes	+ 4.3	+ 5.3
Flour, prepared mixes	+ 3.4	+ 2.6
FRESH BEEF & VEAL	– 1.2	+ 1.2
Sirloin steak	– 2.0	+ 2.7
Hamburger	– 2.6	– 1.0
Chuck roast	– 3.9	+ 0.9
PORK	+ 0.2	– 1.3
Chops	– 1.2	+ 0.3
Bacon	+ 3.5	– 2.1
Sausage	– 0.3	– 1.0
Canned ham	+ 0.5	– 4.6
OTHER MEATS	—	—
Frankfurters	+ 0.2	± 0.0
Bologna, liverwurst, salami	+ 1.6	+ 0.4
Beef & veal	– 0.8	+ 1.2
POULTRY	– 1.0	+ 10.6
Fresh whole chicken	– 4.1	+ 13.2
Fresh & frozen chicken parts	– 3.5	+ 12.2
Other poultry	+ 7.5	+ 5.0
FISH & SEAFOOD	+ 4.9	+ 3.2
Canned fish	+ 0.2	– 2.3
Fresh & frozen fish and seafood	+ 7.4	+ 6.2
DAIRY PRODUCTS	+ 1.9	+ 1.3
Fresh whole milk	+ 1.6	+ 0.8
Butter	+ 1.1	+ 2.4
Eggs	– 16.6	+ 11.7
Cheese	+ 1.9	+ 1.1
Ice cream & related products	+ 3.3	+ 2.7
Other dairy products	+ 4.8	+ 2.8
FRESH FRUITS & VEGETABLES	+ 2.6	+ 11.0
Apples	+ 6.1	+ 12.7
Bananas	+ 2.1	– 7.6
Oranges	+ 6.5	+ 35.3
Potatoes	– 12.4	+ 27.0
Lettuce	+ 10.5	– 6.9
Tomatoes	– 1.9	+ 4.9
PROCESSED FRUITS	+ 4.1	+ 7.2
Frozen fruit & fruit juices	+ 5.8	+ 13.4
Other fruit juices	+ 4.3	+ 5.4
Canned & dried fruits	+ 2.4	+ 4.3
PROCESSED VEGETABLES	+ 1.1	+ 4.7
Frozen vegetables	+ 3.5	+ 2.9
Cut corn & canned beans except lima	+ 0.1	+ 6.1
Other canned & dried vegetables	+ 0.3	+ 5.1
SUGAR & SWEETS	+ 2.5	+ 3.9
Candy & chewing gum	+ 3.8	+ 5.4
Sugar & artificial sweeteners	– 0.5	+ 1.7
Other sweets	+ 3.7	+ 3.6
FATS & OILS	+ 2.2	+ 9.5
Margarine	+ 4.3	+ 10.5
Other fats, oils & salad dressings	+ 0.7	+ 11.9
Nondairy substitutes & peanut butter	+ 3.2	+ 2.6
BEVERAGES	+ 2.8	+ 2.5
Cola drinks except diet cola	+ 1.5	+ 1.3
Carbonated drinks including diet cola	– 0.1	+ 2.0
Other noncarbonated drinks	+ 4.4	+ 4.3
Roasted coffee	+ 1.6	+ 3.6
Freeze-dried instant coffee	+ 3.7	+ 4.2
ALCOHOLIC BEVERAGES	+ 2.7	+ 2.6
Beer & ale	+ 2.5	+ 3.5
Whiskey	+ 3.3	+ 1.2
Wine	+ 1.0	– 1.3
OTHER PREPARED FOODS	+ 3.3	+ 3.0
Canned, packaged soup	+ 4.8	+ 3.1
Frozen prepared foods	+ 4.1	+ 4.7
Snacks	+ 3.3	+ 4.0
Seasonings, olives, pickles, relish	+ 2.6	+ 2.7
HOUSEKEEPING SUPPLIES	+ 3.5	+ 2.4
Soaps & detergents	+ 4.1	+ 1.7
Other laundry, cleaning products	+ 2.9	+ 2.7
Paper towels, napkins, tissues	+ 4.9	+ 2.9
TOBACCO PRODUCTS	+ 5.9	+ 6.8
Cigarettes	+ 6.0	+ 6.6
Other tobacco products & accessories	+ 4.9	+ 5.6
HEALTH & BEAUTY AIDS	—	—
Prescriptions	+ 9.4	+ 9.6
Hair products	+ 1.6	+ 2.6
Dental & shaving products	+ 4.9	+ 3.6
Cosmetic, bath & nail products, manicure & eye makeup implements	+ 3.3	+ 3.8
Other toilet goods	+ 3.5	+ 3.7
GENERAL MERCHANDISE	—	—
Newspapers	+ 4.4	+ 3.9
Stationery & supplies	+ 2.8	+ 2.6
Magazines, books	+ 7.7	+ 2.5
Photo supplies	+ 1.5	+ 1.8
Motor oil, coolant & other products	+ 0.9	– 1.5

CONSUMER EXPENDITURES STUDY

SUMMARY

(add 000 to all dollar figures)	1985						1985 Supermarket Performance			
	1 Value of Total Domestic Consumption	2 Amount Spent in Grocery Stores	3 % of Total Store	4 % Gro. in Total	5 Percentage Change from '84 to '85: Total	5 Percentage Change from '84 to '85: Grocery	6 Amount Spent in Supermarkets	7 % of Total Supermarket	8 $ Margin	9 % Margin
PERISHABLES	**$190,356,992**	**$126,274,224**	**47.53**	**66**	**2.6**	**3.7**	**$101,476,251**	**50.27**	**$26,704,070**	**26.3**
Baked Goods	17,412,622	10,915,120	4.10	63	2.1	2.2	7,671,310	3.80	1,744,800	23.1
In-Store Bakery	4,110,068	4,110,068	1.54	100	12.6	12.6	4,110,068	2.04	2,161,900	52.6
Dairy	35,683,268	18,606,893	7.00	52	0.9	4.0	13,222,900	6.55	3,096,750	23.4
Fresh & Cured Meat, Fish & Poultry	73,787,602	49,746,207	18.72	67	1.4	1.6	39,850,400	19.74	7,970,000	20.0
Frozen Foods	17,614,960	12,987,094	4.88	73	3.7	5.5	11,406,020	5.65	3,264,020	28.6
Produce	35,913,069	24,073,439	9.06	67	3.8	4.1	19,380,150	9.60	6,220,000	32.1
Service Deli	5,835,403	5,835,403	2.19	100	12.8	12.8	5,835,403	2.89	2,246,600	38.5
DRY GROCERY (FOOD)	**121,564,599**	**77,316,248**	**29.10**	**63**	**3.8**	**3.3**	**55,213,220**	**27.35**	**12,134,435**	**22.0**
Baby Foods	2,021,892	1,723,898	0.64	85	9.3	9.8	1,212,970	0.60	94,790	7.8
Baking Needs	2,866,310	2,569,509	0.96	90	1.1	1.5	1,872,340	0.93	388,720	20.8
Beer, Wine & Liquor	37,970,622	15,851,735	5.96	42	1.1	1.0	9,217,800	4.56	2,233,520	24.2
Breakfast Foods	5,461,243	5,249,516	1.97	96	9.9	10.7	3,954,880	1.96	768,000	19.4
Candy & Chewing Gum	8,981,363	3,096,658	1.16	34	3.4	3.7	2,418,590	1.20	759,220	31.4
Canned & Bottled Juices & Drinks	3,776,680	3,247,166	1.22	86	4.2	4.5	2,321,860	1.15	500,110	21.5
Canned & Dry Soups	2,175,707	2,038,018	0.76	94	7.2	7.8	1,553,840	0.77	323,590	20.8
Canned Fish & Other Canned Seafood	2,051,775	1,809,772	0.68	88	1.8	1.8	1,390,130	0.69	260,370	18.7
Canned Fruits	1,740,072	1,494,795	0.56	86	2.2	2.2	1,135,960	0.56	245,120	21.6
Canned Meat & Specialty Foods	2,026,997	1,524,781	0.57	75	−2.2	−2.0	1,071,670	0.53	226,550	21.1
Canned Milk	459,231	402,104	0.15	88	−1.3	−0.9	305,910	0.15	39,770	13.0
Canned Prepared Food	1,583,116	1,460,521	0.54	92	5.6	6.0	1,156,360	0.57	267,390	23.1
Canned Vegetables	3,457,568	3,046,935	1.14	88	0.8	0.9	2,386,560	1.18	501,380	21.0
Condiments, Dressings, Spreads, Relishes	6,770,919	5,433,003	2.04	80	4.7	5.0	4,266,450	2.11	960,150	22.5
Desserts	668,195	587,350	0.22	88	5.7	5.8	450,740	0.22	103,090	22.9
Dried Foods	2,929,311	2,347,523	0.88	80	2.2	3.5	1,735,440	0.86	435,970	25.1
Fats & Shortenings	1,954,091	1,579,628	0.59	81	−1.9	−1.5	1,200,740	0.59	207,130	17.3
Jams, Jellies, Preserves	2,308,746	1,659,842	0.70	81	1.4	1.6	1,285,350	0.64	289,200	22.5
Pasta	1,263,460	930,789	0.35	74	7.8	7.1	699,940	0.35	163,780	23.4
Prepared Drinks	9,338,126	7,412,161	2.79	79	−0.3	−0.6	5,400,050	2.67	811,045	15.0
Snacks	7,462,273	4,725,604	1.77	63	8.2	9.2	3,069,700	1.52	900,840	29.3
Soft Drinks	11,610,459	6,723,057	2.53	58	2.6	3.6	5,471,300	2.71	1,403,040	25.6
Sweeteners, Flavors	2,686,443	2,201,883	0.82	82	−2.2	−2.2	1,634,640	0.80	251,660	15.4
Total Foods	**312,027,624**	**203,590,472**	**76.67**	**65**	**3.1**	**3.6**	**156,689,471**	**77.62**	**38,838,505**	**24.8**
DRY GROCERY (NONFOOD)	**$55,539,035**	**$35,764,487**	**13.46**	**64**	**3.7**	**4.0**	**25,739,250**	**12.75**	**4,783,580**	**18.6**
Home Canning Supplies	115,411	93,365	0.03	81	0.3	0.1	77,200	0.04	22,000	28.5
Laundry Supplies	1,205,774	1,109,537	0.41	92	4.2	4.3	805,490	0.40	166,730	20.7

Continued on page 77

HOW TO USE THESE CHARTS

1 This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods = $17,412,622,000

2 This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods = $10,915,120,000

3 This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 4.10% of the Total Grocery Store Sales come from the sale of Baked Goods

4 This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 63% of the Total Sales of Baked Goods come from grocery sales.

5 These columns show the year-to-year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 2.1% and Grocery Store Sales of Baked Goods rose 2.2% from 1984 to 1985

6 This column shows a breakout from column 2 of the amount of sales of a product line or category coming from supermarkets. Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermarket Sales of Baked Goods were $7,671,310,000 in 1985

7 This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.8% of the Total Supermarket Sales come from the sale of Baked Goods

8 This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $1,744,800,000 between the cost to a supermarket for Baked Goods and their retail sales in 1985

9 This column takes the dollar margin from column 8 and expresses it as a percentage. Example: There was a difference of 23.1% between the cost of Baked Goods and their supermarket retail in 1985.

—Not available

nd—No data available

*Supermarket margins based on totals excluding Prescriptions.

SUMMARY

(add 000 to all dollar figures)	1985						1985 Supermarket Performance			
	1	2	3	4	5		6	7	8	9
	Value of Total Domestic Consumption	Amount Spent in Grocery Stores	% of Total Store	% Gro. to Total	Percentage Change from '84 to '85		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
					Total	Grocery				
Soaps & Detergents	5,858,702	5,318,404	2.00	91	2.6	2.7	4,066,380	2.01	697,260	17.1
Other Cleaners, Cleansers & Supplies	3,104,329	1,971,304	0.74	64	2.6	2.8	1,380,080	0.68	379,000	27.5
Paper, Plastic, Foil Products	10,706,300	9,159,046	3.44	86	5.3	5.4	6,789,000	3.36	1,251,680	18.4
Pesticides	418,910	286,918	0.10	68	3.0	2.7	218,400	0.11	70,980	32.5
Waxes & Polishes	412,305	318,710	0.11	77	4.3	4.3	221,550	0.11	57,250	25.8
Other Household Supplies	2,623,140	1,267,513	0.47	48	3.6	3.6	720,070	0.36	245,080	34.0
Pet Foods	5,932,800	5,503,580	2.07	93	3.9	4.4	3,951,380	1.96	815,520	20.6
Tobacco Products	25,161,364	10,736,110	4.04	43	6.4	3.3	7,509,700	3.72	1,078,080	14.3
HEALTH & BEAUTY AIDS (NON-Rx)	**27,874,565**	**10,313,569**	**3.88**	**37**	**4.3**	**6.4**	**7,974,120**	**3.95**	**2,116,370**	**26.5**
Cosmetics	4,406,325	563,863	0.21	13	3.6	6.5	433,640	0.21	166,510	38.4
Dieting Aids	421,313	201,169	0.07	48	−7.9	−10.2	58,850	0.03	19,300	32.8
Feminine Hygiene Products	1,538,014	918,256	0.34	60	7.2	8.0	805,500	0.40	162,800	20.2
Hair Products	3,888,755	1,534,469	0.57	39	4.5	4.8	1,401,350	0.69	412,670	29.4
Health Aids	1,066,034	491,425	0.18	46	6.3	6.6	403,140	0.20	125,940	31.2
Nail Care Products	507,084	91,907	0.03	16	6.0	7.7	72,650	0.04	29,060	40.0
Oral Hygiene Products	2,247,135	1,227,583	0.46	55	8.2	9.3	1,068,840	0.53	232,100	21.7
Packaged Medications	6,296,914	2,154,763	0.81	34	8.5	11.3	1,792,540	0.89	447,580	25.0
Personal Cleanliness Products	174,449	37,540	0.01	22	10.3	10.9	29,620	0.01	9,410	31.8
Personal Deodorants, Antiperspirants	1,116,889	612,766	0.23	55	5.8	7.5	547,650	0.27	136,900	25.0
Shaving Products	1,708,261	575,369	0.21	34	2.8	4.0	455,260	0.22	112,670	24.7
Skin Care Products	1,619,419	395,800	0.14	24	6.4	7.9	314,600	0.16	82,780	26.3
Vitamins & Tonics	1,464,369	541,535	0.20	36	8.4	10.2	443,480	0.22	141,900	32.0
Other HBA	2,212,428	977,144	0.36	43	−2.8	−2.3	147,000	0.07	36,750	25.0
PRESCRIPTIONS										
GENERAL MERCHANDISE	**nd**	**8,657,821**	**3.25**	**—**	**—**	**4.2**	**8,176,000**	**4.05**	**2,805,980**	**34.3**
Auto Supplies	1,969,839	372,461	0.14	19	1.5	−0.7	343,650	0.17	86,600	25.2
Electrical Appliances	nd	135,960	0.05	—	—	13.7	126,050	0.06	52,940	42.0
Flashlights & Batteries	3,335,937	518,089	0.19	16	9.6	11.1	460,030	0.23	156,410	34.0
Greeting Cards	3,523,678	401,782	0.15	11	6.1	10.4	389,160	0.19	186,800	48.0
Hardware	nd	206,951	0.07	—	—	12.3	200,980	0.10	85,210	42.4
Housewares	4,373,352	889,820	0.33	20	2.8	2.4	1,380,000	0.68	552,000	40.0
Other Housewares	nd	531,000	0.19	—	—	6.[illegible]				
Periodicals	9,391,397	1,401,699	0.52	15	4.7	6.2	1,126,310	0.56	319,870	28.4
Other Merchandise	3,804,858	448,112	0.16	12	−3.0	6.8	346,200	0.17	149,110	43.1
Pet Accessories	1,530,497	414,922	0.15	27	0.8	2.4	404,340	0.20	159,300	39.4
Photo Supplies & Processing	7,231,930	929,119	0.34	13	4.1	7.8	853,130	0.42	189,390	22.2
Records & Tapes	3,817,965	267,718	0.10	7	9.1	−14.6	165,450	0.08	67,830	41.0
Stationery	613,490	124,878	0.04	20	3.6	0.3	106,310	0.05	40,820	38.4
Toys	10,907,715	238,047	0.08	2	13.6	12.3	188,970	0.09	71,800	38.0
Underwear & Hosiery	5,377,760	895,014	0.03	—	—	6.3	714,520	0.35	269,820	37.8
Writing Implements	855,463	98,503	0.03	12	2.9	3.8	70,900	0.03	28,000	39.5
Other General Merchandise	nd	783,746	0.29	—	—	Nc	1,300,000	0.64	390,000	30.0
Total Foods & Non-Foods*	**nd**	**259,914,982**	**97.84**	**—**	**—**	**Nc**	**200,167,254**	**99.15**	**48,544,355**	**24.4**
Sales N.C.E.	**nd**	**5,712,018**	**2.16**	**—**	**—**	**Nc**	**1,709,066**	**0.85**	**290,540**	**17.0**
GRAND TOTAL*	**nd**	**265,627,000**	**100.00**	**—**	**—**	**4.7**	**201,876,520**	**100.00**	**48,834,895**	**24.4**

HOW TO USE THESE CHARTS

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—Not available　n.c.e. Not classified elsewhere　nd—No data available

*Supermarket margins based on totals excluding Prescriptions.

CONSUMER EXPENDITURES STUDY
PERISHABLES

	1985										1984			
(add 000 to all dollar figures)	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '84 to '85		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
PERISHABLES														
Baked Goods	$17,412,622	$10,915,120	4.10	63	2.1	2.2	$7,671,310	3.80	$1,774,800	23.1	$17,050,486*	$10,679,359	4.20	63
Breads & Rolls	9,829,103	6,080,863	2.28	62	2.1	2.1	4,159,480	2.06	935,780	22.5	9,626,469	5,957,217	2.35	62
Rolls, Bread Type[4]	1,332,888	379,739	0.14	28	2.1	2.4					1,305,474	369,862	0.15	28
Variety Bread	1,752,431	764,980	0.28	43	4.1	4.3					1,683,411	732,739	0.29	44
White Bread	6,743,784	4,937,144	1.85	73	1.6	1.7					6,637,583	4,854,616	1.91	73
Crackers, Cookies, Biscuits	4,467,814	4,077,404	1.53	91	3.7	3.8	2,924,440	1.45	707,710	24.2	4,308,403	3,928,135	1.55	91
Bread & Cracker Crumbs	69,638	55,060	0.02	74	6.3	6.5	46,850	0.02	11,000	23.5	69,638	54,900	0.02	79
Croutons	36,395	23,657	0.00	65	0.9	1.1	20,820	0.01	4,930	23.7	29,480	23,397	0.00	79
Sweet Goods	3,115,705	756,853	0.28	24	2.3	2.4	519,720	0.26	115,380	22.2	3,045,977	739,107	0.29	24
Cakes & Pastry	2,036,809	449,093	0.16	22	2.3	2.4					1,991,016	438,568	0.17	22
Doughnuts	585,420	201,778	0.07	34	3.1	3.1					567,818	195,711	0.08	34
Pies	493,476	105,982	0.03	21	1.3	1.1					487,143	104,829	0.04	22
In-Store Bakery	4,110,068	4,110,068	1.54	100	12.6	12.6	4,110,068	2.04	2,161,900	52.6	3,650,150	3,650,150	1.44	100
Dairy	35,683,268	18,606,893	7.00	52	0.9	4.0	13,222,900	6.55	3,096,750	23.4	35,375,205	17,898,080	7.05	51
Cheese	5,554,478	4,058,597	1.52	73	−0.9	0.0	3,161,500	1.57	890,800	28.2	5,606,740	4,059,387	1.60	72
Cottage & Pot Cheese	731,836	520,180	0.19	71	6.1	6.3	378,060	0.18	99,430	26.3	689,761	489,351	0.19	71
Natural Cheese[5]	2,951,766	1,719,123	0.64	58	−4.8	−4.6	1,364,410	0.67	401,140	29.4	3,100,595	1,802,016	0.71	58
Processed Cheese[6]	1,870,876	1,819,294	0.68	97	3.0	2.9	1,419,030	0.70	390,230	27.5	1,816,384	1,768,021	0.70	97
Eggs	4,994,938	1,598,423	0.60	32	4.8	5.1	998,400	0.49	163,740	16.4	4,766,162	1,520,860	0.60	32
Milk & Milk Products	18,640,989	7,303,686	2.74	39	−1.7	2.5	4,967,380	2.46	1,066,540	21.5	18,965,935	7,121,709	2.81	38
Butter	1,753,164	879,507	0.33	50	1.7	1.8	693,450	0.34	142,150	20.5	1,723,859	863,799	0.34	50
Fresh Cream	413,155	231,382	0.08	56	−1.3	−1.1	175,740	0.09	39,720	22.6	418,597	233,956	0.09	56
Fresh Milk	16,407,193	6,131,039	2.30	37	−2.1	2.9	*4,051,870*	*2.01*	*871,150*	*21.5*	16,756,868	5,963,109	2.35	36
For Home Consumption	*10,298,481*	*6,131,039*	*2.30*	*60*	*−1.9*	*2.9*					*10,497,942*	*5,963,109*	*2.35*	*36*
Other Milk	*6,108,712*	—	—	—	*−2.4*	—					*6,258,926*	—	—	
Refrigerated Toppings	67,477	61,758	0.02	92	1.3	1.5	46,320	0.03	13,520	29.2	66,611	60,845	0.02	91
Yogurt	1,898,425	1,583,082	0.59	83	15.3	18.6	1,133,300	0.56	274,250	24.2	1,646,509	1,334,808	0.53	81
Margarine	1,948,517	1,615,643	0.60	83	0.3	0.5	1,150,340	0.57	258,630	22.5	1,942,689	1,607,605	-0.63	83
Refrigerated Fruit Juices, Drinks	1,854,353	1,782,831	0.67	96	10.4	10.5	1,288,350	0.64	297,650	23.1	1,679,288	1,613,348	0.64	96
Apple Juice	59,312	55,507	0.02	94	9.2	9.5					54,315	50,691	0.02	93
Grapefruit Juice	129,880	120,195	0.04	93	11.5	11.6					116,494	107,702	0.04	92
Orange Flavored Drinks	108,621	101,819	0.03	94	11.2	11.3					97,681	91,842	0.04	94
Orange Juice	1,504,627	1,457,033	0.54	97	10.3	10.4					1,364,123	1,319,776	0.52	97
Other Fruit Drinks & Juices	51,913	48,277	0.01	93	11.2	11.4					46,684	43,337	0.02	93
Refrigerated Dough Products	597,064	561,912	0.21	94	3.4	4.1	440,410	0.22	118,030	26.8	577,431	539,781	0.21	93
Refrigerated Fish Appetizers	31,621	29,206	0.01	92	0.4	0.7	23,420	0.01	7,540	32.2	31,495	29,003	0.01	92
Refrigerated Pickles, Relishes	162,883	73,513	0.02	45	2.7	2.7	59,800	0.03	19,370	32.4	158,957	71,580	0.03	45
Frozen Foods	17,614,960	12,987,094	4.88	73	3.7	5.5	11,406,020	5.65	3,264,020	28.6	16,983,078	12,309,519	4.85	72
Frozen Baked Goods	1,183,507	1,065,326	0.40	90	2.6	3.0	930,920	0.46	282,630	30.4	1,153,050	1,034,389	0.41	90
Frozen Bagels	112,332	104,959	0.03	93	5.0	5.5	90,550	0.05	25,800	28.5	106,983	99,487	0.04	93
Frozen Breads & Rolls	295,985	256,638	0.09	87	5.1	6.2	218,940	0.11	66,340	30.3	281,622	241,655	0.10	86
Frozen Cakes & Pastries	445,177	411,756	0.15	92	−1.3	−1.2	363,620	0.18	114,180	31.4	451,041	416,757	0.16	92
Frozen Pies	330,013	291,973	0.10	88	5.3	5.2	257,810	0.13	76,310	29.6	313,403	276,490	0.11	88
Frozen Breakfast Entrees	351,846	334,043	0.12	95	11.8	11.8	314,320	0.16	91,150	29.0	314,732	298,677	0.12	95
French Toast, Pancakes	50,431	47,810	0.01	95	25.2	25.7					40,280	38,035	0.01	94
Waffles	204,406	192,800	0.07	94	9.6	9.7					186,502	175,934	0.07	94
Other Breakfast	97,009	93,433	0.03	96	10.3	10.3					87,950	84,708	0.03	96
Ice Cream[7]	4,750,483	1,611,074	0.60	34	3.6	6.3	1,383,440	0.69	398,430	28.8	4,586,613	1,515,592	0.60	33
Bulk Ice Cream	721,825	—	—	—	2.6	—					703,533	—	—	—
Packaged Ice Cream	2,601,918	1,611,074	0.60	40	2.3	6.3					2,543,419	1,515,592	0.60	60
Specialty Ice Cream	1,426,740				6.5						1,339,622			
Frozen Coffee Creamer	46,232	41,934	0.01	90	3.4	3.7	36,520	0.02	10,410	28.5	44,712	40,013	0.20	89

Continued on page 81

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[1] All consumption—all retail sales, not including fresh products sold through restaurants and institutions. Excluding those portions of a commodity which are used commercially as an ingredient in another product.

[2] Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionery stores, fruit and vegetable markets, egg dealers, and newsstands.

[3] Decreases are shown by minus signs. Other figures represent increases.

* Represents a revision of the 1984 figures previously published, due to the inclusion of new items within this category.

[4] Includes bagels, onion rolls.

[5] Includes cheddar, colby, brick, cream, foreign types.

[6] Includes cheese food and cheese spreads.

[7] Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream.

CONSUMER EXPENDITURES STUDY
PERISHABLES
CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage[3] Change from '84 to '85 Total[1]	Percentage[3] Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Frozen Toppings	188,823	172,932	0.06	92	1.4	1.7	149,060	0.07	38,300	25.7	186,216	170,041	0.70	91
Frozen Meat, Fish, Poultry	3,212,705	2,660,076	1.00	83	5.5	8.0	2,363,440	1.17	719,740	30.5	3,045,357	2,463,712	0.97	81
Fish & Other Seafood	862,350	634,254	0.23	74	2.5	2.6	558,600	0.28	179,360	32.1	841,514	618,109	0.24	73
Frozen Fish Sticks	*104,305*	*81,329*	*0.03*	*78*	*−4.9*	*−4.8*	*72,780*	*0.04*	*22,930*	*31.5*	*109,679*	*85,430*	*0.03*	*78*
Frozen Shrimp	*243,063*	*185,769*	*0.06*	*76*	*7.1*	*6.9*	*161,670*	*0.08*	*53,350*	*33.0*	*226,950*	*173,778*	*0.07*	*77*
Other Frozen Fish & Seafood	*514,982*	*367,156*	*0.13*	*71*	*2.0*	*2.3*	*324,150*	*0.16*	*103,080*	*31.8*	*504,885*	*358,901*	*0.14*	*71*
Frozen Meat	472,858	227,133	0.08	48	−14.2	−14.3	211,800	0.10	62,480	29.5	551,117	265,033	0.10	48
Frozen Poultry	1,877,497	1,798,689	0.67	96	13.8	13.6	1,593,040	0.79	477,900	30.0	1,652,725	1,580,570	0.62	96
Frozen Prepared Foods (Precooked)	3,651,678	3,608,894	1.35	99	6.5	8.3	3,144,100	1.56	891,330	28.3	3,429,729	3,332,833	1.31	97
Frozen Dinners	1,556,923	1,556,923	0.58	100	10.3	10.3	1,371,310	0.68	389,450	28.4	1,411,535	1,411,535	0.56	100
Frozen Meat Pies	246,553	227,388	0.08	92	2.1	2.3	385,640	0.19	97,950	25.4	241,482	222,276	0.09	92
Frozen Pizza	1,099,738	1,065,770	0.40	97	4.0	4.9	938,800	0.46	268,500	28.6	1,057,440	1,015,987	0.40	96
Frozen Poultry Pies	227,869	210,767	0.07	92	2.3	2.6		(See Meat Pies)			222,746	205,426	0.08	92
Frozen Oriental	221,587	212,847	0.08	96	5.9	6.3	190,850	0.09	58,000	30.4	209,242	200,232	0.08	96
Frozen Mexican	271,182	258,577	0.09	95	4.1	4.3	234,400	0.12	70,550	30.1	260,501	247,917	0.10	95
Other Frozen Prepared Foods	27,826	26,622	0.01	96	3.9	4.3	23,100	0.01	6,880	29.8	26,782	25,525	0.01	95
Frozen Fruits[8]	128,765	119,889	0.04	93	2.1	2.1	103,570	0.05	31,900	30.8	126,154	117,380	0.05	93
Blueberries	12,706	11,491	0.00	90	4.3	4.4					12,182	11,007	0.00	90
Raspberries	15,246	14,095	0.00	92	7.6	7.8					14,169	13,075	0.01	92
Strawberries	60,877	57,386	0.02	94	−1.9	−1.8					62,056	58,438	0.02	94
Other Frozen Fruits	39,936	36,917	0.01	92	5.8	5.9					37,747	34,859	0.01	92
Frozen Fruit Juice Concentrates	1,808,320	1,648,816	0.62	91	0.6	0.7	1,431,020	0.70	351,420	24.6	1,797,350	1,637,380	0.65	91
Apple Juice	139,662	128,515	0.04	92	−1.6	−1.7					141,933	130,738	0.05	92
Grape Juice	105,638	95,561	0.03	90	−10.9	−10.8		(See Other)			118,562	107,131	0.04	90
Grapefruit Juice	21,901	19,457	0.00	89	2.2	2.3					21,430	19,020	0.01	89
Orange Juice	1,502,915	1,369,469	0.51	91	1.6	1.7	1,155,370	0.57	283,060	24.5	1,479,247	1,346,577	0.53	91
Other Fruit Concentrates	38,204	35,814	0.01	94	5.6	5.6	275,650	0.14	68,360	24.8	36,178	33,915	0.01	94
Frozen Fruit Drinks	147,685	135,352	0.05	92	5.0	5.2	117,470	0.06	33,830	28.8	140,678	128,667	0.05	91
Lemonade Bases	53,913	49,749	0.01	92	3.3	3.6					52,191	48,020	0.02	92
Regular Orange	13,246	11,833	0.00	89	3.8	3.9					12,761	11,389	0.00	89
Synthetic Orange	36,471	32,811	0.01	90	4.4	4.6					34,934	31,368	0.01	90
Other Fruit Drinks	44,055	40,959	0.01	93	8.0	8.1					40,792	37,890	0.01	93
Frozen Vegetables	2,144,916	1,588,758	0.59	74	−0.6	1.1	1,432,160	0.71	414,880	29.0	2,158,486	1,570,836	0.62	73
Asparagus	62,445	43,316	0.01	69	5.1	5.4					59,415	41,097	0.02	69
Broccoli	136,699	96,154	0.03	70	2.1	2.2					133,887	94,065	0.04	70
Cauliflower	37,469	26,352	0.00	70	−2.7	−2.9					38,509	27,139	0.01	70
Corn	192,038	132,069	0.04	69	5.2	5.3					182,546	125,422	0.05	69
French Fried Potatoes	807,715	648,626	0.24	80	1.2	1.3	548,590	0.27	153,600	28.0	798,137	640,302	0.25	80
Green Beans	93,008	67,746	0.02	72	0.6	0.9					92,453	67,142	0.03	73
Green Peas	156,101	109,680	0.04	70	1.6	1.9					153,643	107,635	0.04	70
Lima Beans	53,404	34,883	0.01	65	1.7	1.7					52,511	34,300	0.01	65
Onion Products	46,286	32,400	0.01	70	−2.0	−2.2					45,360	31,590	0.01	70
Other Potato Products	99,673	71,961	0.02	72	−0.8	−0.7	63,470	0.03	18,530	29.2	100,477	72,469	0.03	72
Spinach	62,634	44,375	0.01	71	0.6	0.7					62,200	44,067	0.02	71
Other Frozen Vegetables	397,444	281,196	0.10	71	−0.8	−0.7	820,100	0.41	242,750	29.6	400,624†	283,164	0.11	71
Fresh & Cured Meat, Fish & Poultry	73,787,602	49,746,207	18.72	67	1.4	1.6	39,850,400	19.74	7,970,000	20.0	72,734,790	48,982,056	19.31	67
Fresh Fish & Other Fresh Seafood	3,045,994	2,709,671	1.02	89	11.2	10.8					2,739,203	2,445,551	0.96	89
Fresh Meat	43,241,871	26,741,358	10.06	62	−0.9	−0.8					43,644,945	26,968,829	10.63	62
Beef	35,064,624	21,197,178	7.98	60	−0.9	−0.8					35,383,072	21,368,123	8.42	60
Lamb	1,203,979	1,060,396	0.39	88	−1.7	−1.8					1,224,801	1,079,833	0.43	88
Pork	5,852,925	3,788,398	1.42	65	−1.3	−1.2					5,930,015	3,834,411	1.51	65
Veal	1,120,343	695,386	0.26	62	1.2	1.3					1,107,058	686,462	0.27	62
Fresh Poultry	10,864,781	7,105,620	2.67	65	10.6	9.7					9,823,491	6,477,320	2.55	66
Packaged Meats	16,634,956	13,189,558	4.96	79	0.7	0.8					16,527,151	13,090,356	5.16	79
Cured Ham & Picnics	2,744,599	2,170,677	0.81	79	−3.1	−3.0					2,832,404	2,237,811	0.88	79
Frankfurters	1,987,487	1,542,731	0.58	78	3.7	3.8					1,916,574	1,466,253	0.59	78
Packaged Bacon	2,680,789	2,201,711	0.82	82	−1.3	−1.2					2,716,098	2,228,452	0.88	82
Packaged Cold Cuts	4,234,021	3,345,844	1.25	79	2.6	2.8					4,126,726	3,254,712	1.28	79
Sausages (Uncooked)	1,410,531	1,105,939	0.41	78	−0.5	−0.4					1,417,619	1,110,381	0.44	78
Other Sausage Products (Cooked)	3,577,529	2,822,656	1.06	79	1.7	1.8					3,517,728	2,772,747	1.09	79
Service Deli	5,835,403	5,835,403	2.19	100	12.8	12.8	5,835,403	2.89	2,246,600	38.5	5,173,230	5,173,230	2.04	100
Produce	35,913,069	24,073,439	9.06	67	3.8	4.1	19,380,150	9.60	6,220,000	32.1	34,612,276	23,129,081	9.12	67

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[8] Consumer size packages for home use

† Represents a revision of the 1984 figures previously published, due to the removal of an item previously included as part of this category but now listed on its own

CONSUMER EXPENDITURES STUDY
PERISHABLES
CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value¹ of Total Domestic Consumption	Amount Spent in Grocery Stores²	% of Total Store	% Gro ² to Total	Percentage³ Change from 84 to 85 Total¹	Percentage³ Change from 84 to 85 Grocery²	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value¹ of Total Domestic Consumption	Amount Spent in Grocery Stores²	% of Total Store	% Gro ² to Total
Fresh Vegetables	23,621,766	14,138,522	5.32	60	2.8	2.9					22,968,654	13,739,007	5.42	60
Carrots	512,036	357,964	0.13	70	1.2	1.6					505,964	352,327	0.14	70
Celery	690,187	435,425	0.16	63	2.2	2.3					675,330	425,635	0.17	63
Corn	561,691	307,118	0.11	55	4.4	4.6					538,018	293,612	0.12	55
Lettuce	2,294,590	1,468,653	0.55	64	0.8	1.1					2,276,379	1,452,674	0.57	64
Mushrooms	642,467	437,329	0.16	68	2.7	2.7					625,578	425,832	0.17	68
Onions	956,545	547,442	0.20	57	3.3	3.4					925,987	529,441	0.21	57
Potatoes	3,636,711	2,183,297	0.82	60	8.6	8.7					3,348,721	2,008,553	0.79	60
Tomatoes	2,503,291	1,455,880	0.54	58	4.8	4.9					2,388,636	1,387,875	0.55	58
Other Fresh Vegetables	11,824,248	6,945,414	2.61	59	1.2	1.2					11,684,040	6,863,058	2.71	59
Fresh Fruit	12,291,303	9,934,917	3.74	81	5.6	5.8					11,643,621	9,390,074	3.70	81
Apples	2,562,487	2,263,140	0.85	88	5.8	6.3					2,422,010	2,129,012	0.84	88
Bananas	1,831,324	1,471,635	0.55	80	3.6	3.7					1,767,687	1,419,127	0.56	80
Citrus Fruits	2,348,948	1,962,774	0.73	84	5.6	6.2					2,224,383	1,848,186	0.73	83
Other Fresh Fruits	5,548,544	4,237,368	1.59	76	6.1	6.1					5,229,542	3,993,749	1.57	76
Total Perishables	190,356,992	126,274,224	47.53	66	2.6	3.7	101,476,251	50.27	26,704,070	26.3	185,579,216	121,821,475	48.01	66

CONSUMER EXPENDITURES STUDY
DRY GROCERY—FOOD

(add 000 to all dollar figures)	1985										1984			
	Value¹ of Total Domestic Consumption	Amount Spent in Grocery Stores²	% of Total Store	% Gro ² to Total	Percentage Change from 84 to 85 Total¹	Percentage Change from 84 to 85 Grocery²	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value¹ of Total Domestic Consumption	Amount Spent in Grocery Stores²	% of Total Store	% Gro ² to Total
Baby Foods	$2,021,892	$1,723,898	0.64	85	9.3	9.8	1,212,970	0.60	94,790	7.8	$1,850,613	$1,569,890	0.62	85
Desserts	64,991	54,166	0.02	83	7.9	7.9	38,240	0.02	3,980	10.4	60,233	50,233	0.02	83
Fruits & Juices	358,347	311,906	0.11	87	7.5	8.2	221,860	0.11	18,640	8.4	333,346	288,268	0.11	86
Meat & Combinations	256,861	214,613	0.08	84	5.3	5.8	152,670	0.08	15,570	10.2	243,933	202,848	0.08	83
Vegetables	96,884	81,843	0.03	85	9.7	10.1	58,430	0.03	5,780	9.9	88,317	74,335	0.03	84
Infant Cereals	62,722	53,386	0.02	85	9.4	9.5	38,040	0.02	4,370	11.5	57,862	48,755	0.02	84
Infant Formulas	1,182,087	1,007,984	0.37	85	10.8	11.3	703,730	0.35	46,450	6.6	1,066,923	905,486	0.36	85
Hypoallergenic Formulas⁹	*277,288*	*238,005*	*0.08*	*85*	*12.1*	*12.7*					*247,358*	*211,185*	*0.08*	*85*
Routine Infant Formulas	*904,799*	*769,979*	*0.28*	*85*	*10.4*	*10.9*					*819,565*	*694,300*	*0.27*	*85*
Baking Needs	2,866,310	2,569,509	0.96	90	1.1	1.5	1,872,340	0.93	388,720	20.8	2,836,079	2,531,840	1.00	89
Baking Chocolate & Bits	373,488	354,401	0.13	95	4.7	4.8	258,610	0.13	49,900	19.3	356,722	338,169	0.13	95
Baking Powder	21,669	19,428	0.00	90	0.2	0.2	14,230	0.01	3,200	22.5	21,626	19,389	0.01	90
Baking Soda	14,980	12,521	0.00	84	0.8	1.0	9,120	0.01	2,130	23.4	14,861	12,397	0.00	83
Yeast	50,294	47,305	0.01	94	-1.1	-0.9	35,190	0.02	10,000	28.4	50,853	47,735	0.02	94
Baking Nuts	353,108	281,524	0.10	80	-0.2	-0.4	206,310	0.10	58,800	28.5	353,621	282,609	0.11	80
Shelled Walnuts	*243,222*	*191,874*	*0.07*	*79*	*-0.3*	*-0.7*					*243,954*	*193,227*	*0.08*	*79*
Other Baking Nuts	*109,886*	*89,650*	*0.03*	*82*	*0.2*	*0.3*					*109,667*	*89,382*	*0.04*	*82*
Flour	2,052,771	1,854,330	0.69	90	0.7	1.2	1,348,880	0.67	264,690	19.6	2,038,396	1,831,541	0.72	90
Cake Flour	*12,663*	*11,375*	*0.00*	*90*	*-2.8*	*-2.3*	*8,490*	*0.00*	*1,850*	*21.8*	*13,028*	*11,643*	*0.00*	*89*
Corn Meal	*153,059*	*128,496*	*0.04*	*84*	*1.8*	*0.9*	*93,250*	*0.04*	*20,890*	*22.4*	*150,353*	*127,350*	*0.05*	*85*
Family Flour	*554,462*	*451,025*	*0.16*	*81*	*5.4*	*5.1*	*330,500*	*0.16*	*45,610*	*13.8*	*586,112*	*475,263*	*0.19*	*81*
Pancake & Waffle Mixes	*136,374*	*125,824*	*0.04*	*92*	*1.7*	*2.1*	*90,390*	*0.04*	*20,340*	*22.5*	*134,094*	*123,236*	*0.05*	*92*
Prepared Mixes	*1,196,213*	*1,137,610*	*0.42*	*95*	*3.6*	*4.0*	*826,250*	*0.40*	*176,000*	*21.3*	*1,154,809*	*1,094,049*	*0.43*	*95*
Cake Mixes	538,497	511,340	0.19	95	2.8	3.4					523,830	494,526	0.19	94
Frostings, Icings, Fudge	268,592	274,478	0.09	92	5.8	6.3					253,868	232,811	0.09	92
Pie Crust Mixes	62,779	60,450	0.02	96	2.3	2.3					61,368	59,091	0.02	96
Pizza Pie Mixes	85,067	82,858	0.03	97	2.4	-2.6					83,073	80,758	0.03	97
Other Prepared Mixes	241,278	235,484	0.08	98	3.7	3.8					232,669	226,863	0.09	98
Beer, Wine & Liquor	37,970,622	15,851,735	5.96	42	1.1	1.8	9,217,800	4.56	2,233,520	24.2	37,626,686	15,569,296	6.13	41
Beer for Home Consumption	18,547,195	12,983,036	4.88	70	-1.0	-1.2	7,333,250	3.63	1,481,300	20.2	18,734,540‡	13,139,178	5.17	70
Imported Beer	*854,295*	*601,154*	*0.22*	*70*	*14.0*	*14.6*					*749,382*	*524,567*	*0.20*	*70*
Domestic Beer	*17,692,900*	*12,381,882*	*4.66*	*70*	*-1.6*	*-1.7*					*17,985,158*	*12,589,611*	*4.96*	*70*
Liquor	12,026,610	311,795	0.11	3	-1.8	-0.8	290,100	0.14	116,000	40.0	12,247,057	314,090	0.12	3
Wine	6,538,817	1,992,604	0.75	30	3.3	3.9	1,250,250	0.61	495,100	39.6	6,325,089†	1,917,809	0.75	30
Alcohol Coolers¹⁰	858,000	564,300	0.21	66	160.0	185.0	344,200	0.17	141,120	41.0	330,000	198,000	0.07	60
Breakfast Foods	5,461,243	5,249,516	1.97	96	9.9	10.7	3,954,880	1.96	768,000	19.4	4,967,030	4,742,942	1.87	95
Cold Cereals	4,337,396	4,206,715	1.58	97	10.8	11.6	3,158,480	1.56	600,100	19.0	3,914,617	3,769,458	1.49	96
Hominy Grits	84,315	74,675	0.02	89	-0.9	-0.8	58,100	0.03	11,680	20.1	85,081	75,277	0.03	88

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9 Includes soya isolate formulas **10** Includes wine and malt coolers ‡ Represents a revision of the 1984 figures previously published

CONSUMER EXPENDITURES STUDY

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Hot Cereals	454,671	409,024	0.15	90	6.6	7.2	313,080	0.15	63,240	20.2	426,521	381,552	0.15	89
Cereal Bars	479,379	460,308	0.17	96	6.0	6.1	352,770	0.17	76,900	21.8	452,244	433,844	0.17	96
Toaster Pastries	105,482	98,794	0.03	94	19.1	19.3	72,450	0.04	16,080	22.2	88,566	82,811	0.03	94
Candy & Chewing Gum	6,981,363	3,096,658	1.16	34	3.4	3.7	[illegible],418,590	1.20	759,220	31.4	6,688,788	2,985,967	1.18	34
Bar Candy	3,298,641	1,057,337	0.39	32	1.7	2.2					3,244,231	1,034,368	0.41	32
Chocolate	*2,614,894*	*834,707*	*0.31*	*32*	*2.8*	*3.0*					*2,543,671*	*810,395*	*0.32*	*32*
Non-Chocolate	*683,747*	*222,630*	*0.08*	*33*	*-2.4*	*-0.6*					*700,560*	*223,974*	*0.09*	*32*
Packaged Chocolate	291,461	131,397	0.04	45	11.0	10.7					262,574	118,710	0.05	45
Chocolate Covered Creams	*143,253*	*65,712*	*0.02*	*46*	*10.1*	*9.8*					*130,112*	*59,847*	*0.02*	*46*
Chocolate Covered Fruits	*73,056*	*31,629*	*0.01*	*43*	*9.7*	*9.6*					*66,596*	*28,859*	*0.01*	*43*
Chocolate Covered Nuts	*75,152*	*34,056*	*0.01*	*45*	*14.1*	*13.5*	*1,723,180*	*0.85*	*513,500*	*29.8*	*65,865*	*30,005*	*0.01*	*46*
Packaged Candy Covered Chocolate	352,967	192,794	0.07	55	8.5	8.2					325,315	178,183	0.07	55
Bulk Candy	678,429	429,582	0.16	63	5.3	14.7					644,282	374,527	0.15	58
Packaged Soft Candy	117,996	64,426	0.02	55	7.4	6.8					109,866	60,324	0.02	55
Packaged Hard Candy	316,199	182,030	0.06	58	-1.8	-1.9					321,995	185,556	0.07	58
Hard Roll Candy	141,684	69,801	0.02	49	1.3	1.4					139,866	68,837	0.03	49
Diet Candy, Mints, Gum	20,187	15,216	0.00	75	1.7	1.8					19,850	14,947	0.01	75
Breath Fresheners	197,715	96,062	0.03	49	3.2	3.2	64,130	0.03	23,790	37.1	191,584	93,083	0.04	49
Marshmallows	75,975	67,395	0.02	89	5.1	4.8	46,180	0.03	12,470	27.0	72,288	64,308	0.03	89
Chewing Gum	1,313,093	597,043	0.22	45	-3.1	-3.0	585,100	0.29	209,460	35.8	1,354,161	615,386	0.24	45
Regular	*519,508*	*232,049*	*0.08*	*45*	*-3.0*	*-2.9*					*535,575*	*238,979*	*0.09*	*45*
Sugarless	*406,289*	*182,338*	*0.06*	*45*	*2.3*	*2.4*					*397,154*	*178,064*	*0.07*	*45*
Bubble	*387,296*	*182,656*	*0.06*	*47*	*-8.1*	*-7.9*					*421,432*	*198,324*	*0.08*	*47*
Other Candy	2,177,016	193,575	0.07	9	8.7	8.9					2,002,775	177,755	0.07	9
Canned Fish & Canned Seafood	2,051,775	1,809,772	0.68	88	1.8	1.8	1,390,130	0.69	260,370	18.7	2,014,983	1,777,804	0.70	88
Canned Salmon	352,054	259,240	0.09	74	6.2	6.3	200,460	0.11	47,300	23.6	331,501	243,876	0.10	74
Canned Sardines	99,061	93,398	0.03	94	7.8	8.0	72,840	0.04	19,000	26.1	91,893	86,480	0.03	94
Canned Tuna	1,519,516	1,394,479	0.52	92	0.5	0.6	1,076,710	0.53	183,040	17.0	1,511,956	1,386,163	0.55	92
Other Canned Fish & Seafood	81,144	62,655	0.02	77	2.0	2.1	40,120	0.02	11,030	27.5	79,553	61,386	0.02	77
Canned Fruits	1,740,872	1,494,795	0.56	86	2.2	2.2	1,135,960	0.56	245,120	21.6	1,705,223	1,462,120	0.58	86
Applesauce	231,834	203,455	0.07	88	1.1	1.3	150,980	0.07	33,370	22.1	229,530	200,844	0.08	87
Apricots	32,369	29,057	0.01	90	10.4	10.5	21,130	0.01	5,070	24.0	29,320	26,298	0.01	90
Citrus	57,159	50,353	0.01	88	0.7	0.8	38,570	0.02	9,720	25.2	56,762	49,953	0.02	88
Cranberries	100,888	89,790	0.03	89	2.4	2.5	76,450	0.04	14,520	19.0	98,466	87,600	0.03	89
Fruit Cocktail	259,198	221,782	0.08	86	4.2	4.3	155,820	0.07	31,940	20.5	248,750	212,630	0.08	85
Peaches	329,323	281,859	0.10	86	6.9	6.8	186,230	0.09	39,850	21.4	308,066	263,913	0.10	86
Pears	155,115	131,491	0.04	85	-1.9	-1.8	104,430	0.05	22,550	21.6	158,119	133,901	0.05	85
Pineapple	243,646	207,115	0.07	85	1.1	0.7	210,450	0.10	45,880	21.8	240,995	205,675	0.08	85
Other Canned Fruit	330,540	279,893	0.10	85	-0.8	-0.5	191,900	0.10	42,220	22.0	333,206†	281,290	0.11	84
Canned & Bottled Juices & Drinks[11]	3,776,680	3,247,166	1.22	86	4.2	4.5	2,321,860	1.15	500,110	21.5	3,626,090*	3,106,235	1.22	86
Apple Cider & Juice	761,583	700,875	0.26	92	6.8	7.9	540,180	0.27	119,920	22.2	713,093	649,580	0.26	91
Cranberry Juice	308,956	288,809	0.10	93	-1.6	-1.5	270,840	0.13	54,700	20.2	313,980	292,910	0.12	93
Grape Juice	134,469	124,334	0.04	92	-5.4	-5.3	98,510	0.05	21,870	22.2	142,145	131,292	0.05	92
Grapefruit Juice	188,514	157,462	0.05	84	16.9	17.8	124,380	0.06	25,370	20.4	161,261	133,669	0.05	83
Nectars	63,299	59,064	0.02	93	-1.9	-1.6	45,000	0.02	10,850	24.1	64,525	60,024	0.02	93
Orange Juice	122,622	95,829	0.03	78	-6.6	-6.3	73,240	0.04	17,940	24.5	131,287	102,272	0.04	78
Pineapple Juice	108,142	100,846	0.03	93	1.7	1.9	75,840	0.04	15,850	20.9	106,334	98,966	0.04	93
Prune Juice	135,145	115,805	0.04	86	1.0	1.2	85,050	0.04	18,110	21.3	133,807	114,432	0.05	86
Other Fruit Juices	30,535	23,266	0.00	76	5.4	5.6	18,160	0.01	4,360	24.0	28,971	22,919	0.01	79
Vegetable Juices[12]	274,718	235,011	0.08	86	-4.8	-4.5	190,850	0.09	38,740	20.3	288,560	246,085	0.10	85
Fruit Drinks	1,202,720	1,015,822	0.38	84	4.3	4.8	609,890	0.30	130,520	21.4	1,153,135	969,296	0.38	84
Aseptic Packed Juices & Drinks	445,977	330,023	0.12	75	12.8	13.7	189,920	0.09	41,780	22.0	388,892	284,810	0.11	73
Canned Meats & Specialty Foods	2,026,997	1,524,781	0.57	75	-2.2	-2.0	1,071,670	0.53	226,550	21.1	2,072,909	1,555,882	0.61	75
Beef Hash	95,655	74,963	0.02	78	0.8	0.9	54,700	0.03	10,830	19.8	94,896	74,294	0.03	78
Corned Beef	79,848	72,380	0.02	91	-3.6	-3.5	53,040	0.03	12,620	23.8	82,830	75,005	0.03	91
Ham	377,478	321,187	0.12	85	-2.8	-2.7	199,140	0.10	46,800	23.5	388,352	330,100	0.13	85
Lunch Meat	185,439	159,398	0.06	86	-3.8	-3.6	118,240	0.06	16,800	14.2	192,765	165,351	0.07	86
Meat Spreads	91,923	84,148	0.03	92	0.9	0.8	61,450	0.03	13,760	22.4	91,103	83,480	0.03	92
Poultry	114,347	104,566	0.03	91	7.5	7.8	70,000	0.03	15,900	22.7	106,369	97,000	0.04	91
Sausages & Frankfurters	159,445	140,857	0.05	88	-2.9	-2.6	103,500	0.05	25,460	24.6	164,207	144,617	0.06	88
Other Canned Meats	922,862	567,282	0.21	61	-3.1	-3.2	411,600	0.20	84,380	20.5	952,386†	586,035	0.23	62
Canned Milk	459,231	402,104	0.15	88	-1.3	-0.9	305,910	0.15	39,770	13.0	465,425	405,748	0.16	87
Condensed Milk	25,539	16,075	0.00	63	-3.5	-3.2					26,465	16,606	0.01	63
Evaporated Milk	433,692	386,029	0.14	89	-1.2	-0.8					438,960	389,142	0.15	89
Canned Prepared Food	1,583,116	1,460,521	0.54	92	5.6	6.0	1,156,360	0.57	267,390	23.1	1,498,521	1,377,465	0.54	92
Chili	294,403	255,549	0.09	87	3.3	3.6	202,320	0.10	42,490	21.0	284,998	246,669	0.10	87
Meat Stew	156,954	138,076	0.05	88	1.7	2.1	109,310	0.05	22,400	20.5	154,330	135,236	0.05	88
Mexican Food	474,662	443,067	0.16	93	12.6	12.8	350,780	0.17	89,100	25.4	421,547	392,790	0.15	93
Oriental Food	228,331	218,088	0.08	96	6.3	6.8	172,660	0.09	45,930	26.6	214,799	204,202	0.08	95
Pasta	428,766	405,741	0.15	95	1.4	1.8	321,290	0.16	67,470	21.0	422,846	398,567	0.16	94

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[11] Full strength and concentrated juices, non-carbonated

[12] Chiefly tomato juice

CONSUMER EXPENDITURES STUDY
DRY GROCERY—FOOD
CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Canned & Dry Soup	2,177,493	2,039,720	0.76	94	8.4	8.8	1,553,840	0.77	323,590	20.8	2,009,304	1,874,607	0.74	93
Canned Soup	1,768,707	1,662,881	0.62	94	7.3	7.8	1,251,380	0.62	254,000	20.3	1,648,563	1,542,734	0.61	94
Condensed Soup	*1,192,688*	*1,121,188*	*0.47*	*94*	*6.9*	*7.4*					*1,115,705*	*1,043,937*	*0.41*	*94*
Single Strength Soup	*576,019*	*541,693*	*0.15*	*94*	*8.1*	*8.6*					*532,858*	*498,797*	*0.20*	*94*
Dry Soup Mixes	341,575	313,885	0.11	92	14.8	15.1	256,190	0.13	56,870	22.2	297,513	272,706	0.11	92
Instant Bouillon & Cubes	67,211	62,954	0.02	94	6.1	6.4	46,270	0.02	12,720	27.5	63,228	59,167	0.02	94
Canned Vegetables	3,457,568	3,046,935	1.14	88	0.8	0.9	2,386,560	1.18	501,380	21.0	3,429,914	3,018,224	1.18	88
Asparagus	93,181	82,282	0.03	88	1.6	2.3	67,740	0.03	14,970	22.1	91,714	80,432	0.03	88
Beans (Waxed & Green)	379,281	336,412	0.12	89	1.7	1.9	268,970	0.1[illegible]	57,500	21.4	372,941	330,139	0.13	89
Beans with Pork or Sauce[13]	435,466	397,209	0.14	91	1.3	1.3	299,480	0.1[illegible]	59,900	20.0	429,878	392,112	0.15	91
Beets	76,783	68,523	0.02	89	2.4	2.5	54,450	0.03	12,850	23.6	74,983	66,852	0.03	89
Corn	596,928	530,509	0.19	89	0.3	0.6	429,660	0.21	86,360	20.1	595,143	527,345	0.21	89
Mushrooms	254,856	228,626	0.08	90	3.0	3.1	180,670	0.09	42,460	23.5	247,433	221,752	0.09	90
Peas	340,247	301,920	0.11	89	1.5	1.5	220,600	0.11	47,650	21.6	335,219	297,459	0.12	89
Potatoes	118,121	101,482	0.03	86	-0.7	-0.8	60,960	0.03	14,080	23.1	118,953	102,300	0.04	86
Sauerkraut	74,891	67,855	0.02	90	4.2	4.3	53,000	0.03	12,880	24.3	71,872	65,058	0.03	91
Tomatoes	396,510	339,516	0.12	86	2.1	2.1	280,490	0.14	62,000	22.1	388,355	332,533	0.13	86
Tomato Sauce	389,858	335,033	0.12	86	-1.5	-1.4	266,850	0.13	50,700	19.0	395,795	339,790	0.13	86
Tomato Paste	197,985	170,031	0.06	86	-1.9	-1.8	141,130	0.07	27,380	19.4	201,820	173,148	0.07	86
Tomato Puree	57,442	48,921	0.01	85	-3.7	-3.6	41,350	0.02	7,980	19.3	59,649	50,748	0.02	85
Other Canned Vegetables	46,019	38,616	0.01	84	-0.3	-0.1	21,210	0.01	4,670	22.0	4,670	38,655	0.02	84
Condiments, Dressings, Spreads, Relishes	6,770,919	5,433,003	2.04	80	4.7	5.0	4,266,450	2.11	960,150	22.5	6,466,285	5,173,751	2.04	80
Condiments	2,127,196	1,689,273	0.63	79	4.9	5.1	1,340,170	0.66	348,930	26.0	2,028,725	1,606,863	0.63	79
Barbeque Sauce	332,759	294,702	0.11	89	9.6	10.1	231,890	0.11	51,010	22.0	303,612	267,668	0.11	88
Condiment Sauces[14]	114,139	89,600	0.03	79	6.7	7.2	65,220	0.03	15,060	23.1	106,972	83,582	0.03	78
Flavor Enhancers	23,775	21,258	0.00	89	3.8	3.9	15,670	0.01	4,070	26.0	22,905	20,460	0.01	89
Ketchup	590,086	464,721	0.17	79	2.8	2.9	341,880	0.17	57,430	16.8	574,014	451,624	0.18	79
Meat Tenderizers	37,844	30,952	0.01	82	5.3	5.6	23,650	0.01	6,480	27.4	35,939	29,311	0.01	82
Onion Flakes	41,471	35,856	0.01	86	0.3	0.4	27,100	0.01	9,490	35.0	41,347	35,713	0.01	86
Pepper	181,366	129,566	0.04	71	17.1	17.3	96,750	0.05	32,410	33.5	154,881	110,457	0.04	71
Prepared Mustard	158,977	122,923	0.04	77	3.8	4.3	97,440	0.05	22,800	23.4	153,157	117,855	0.05	77
Salt	137,807	113,134	0.04	82	-1.1	-0.9	84,300	0.04	18,380	21.8	139,340	114,161	0.04	82
Spices	508,972	386,561	0.14	76	2.5	2.8	356,270	0.18	131,800	37.0	496,558	376,032	0.15	76
Dressings, Spreads	2,232,771	1,870,602	0.70	84	2.6	2.9	1,482,500	0.73	278,790	18.8	2,174,736	1,817,839	0.72	84
Pourable Salad Dressings	788,914	688,839	0.25	87	1.0	1.3	557,500	0.28	147,740	26.5	781,103	679,999	0.27	87
Spoonable Salad Dressings	446,923	394,647	0.14	88	4.8	5.1	327,000	0.16	44,150	13.5	426,453	375,497	0.15	88
Mayonnaise	819,980	657,389	0.24	80	4.2	4.3	491,200	0.24	61,400	12.5	786,929	630,287	0.25	80
Sandwich Spreads	48,041	42,504	0.01	88	-2.7	-2.7	32,000	0.02	7,550	23.6	49,374	43,683	0.02	88
Vinegar	128,913	87,223	0.03	68	-1.5	-1.3	74,800	0.04	17,950	24.0	130,876	88,372	0.03	68
Relishes & Appetizers	1,177,681	793,276	0.29	67	2.5	2.5	635,150	0.31	176,370	27.8	1,149,260	773,804	0.31	67
Bottled Green Olives	147,844	122,869	0.04	83	-3.9	-4.1	102,100	0.05	31,650	31.0	153,844	128,122	0.05	83
Canned Ripe Olives	167,173	145,953	0.05	87	8.8	7.9	118,140	0.06	36,620	31.0	153,652	135,267	0.05	88
Pickled Cucumbers, Tomatoes, Peppers	753,298	431,892	0.16	57	2.1	2.2	347,240	0.17	90,980	26.2	737,804	422,595	0.17	57
Relishes & Mixed Pickles	109,366	92,562	0.03	85	5.2	5.4	67,670	0.03	17,120	25.3	103,960	87,820	0.03	84
Spaghetti Sauces	1,233,271	1,079,852	0.40	88	10.8	10.4	808,630	0.40	156,060	19.3	1,113,486	978,245	0.39	88
Meatless	1,069,929	950,719	0.35	89	11.2	10.7					962,166	858,825	0.34	89
With Meat	151,469	119,707	0.04	79	8.3	8.5					139,861	110,329	0.04	79
With Clams	11,873	9,426	0.00	79	3.6	3.7					11,460	9,090	0.00	79
Desserts	668,195	587,350	0.22	88	5.7	5.8	450,740	0.22	103,090	22.9	632,244	555,251	0.22	88
Packaged Gelatin[15]	247,861	227,555	0.08	92	5.4	5.6	176,700	0.08	37,100	21.0	235,162	215,488	0.08	92
Prepared Puddings[16]	308,127	262,074	0.09	85	7.5	7.6	199,050	0.10	45,980	23.1	286,630	243,563	0.10	85
Dried Toppings	15,582	14,931	0.00	96	-13.8	-13.2	11,770	0.01	3,310	28.1	18,076	17,202	0.01	95
Ice Cream & Dessert Toppings	96,625	82,790	0.03	86	4.6	4.8	63,220	0.03	16,700	26.4	92,376	78,998	0.03	86
Dried Foods	2,929,311	2,347,523	0.88	80	2.2	3.5	1,735,440	0.86	435,970	25.1	2,865,562	2,265,755	0.89	79
Dried Vegetables & Fruits	1,768,272	1,303,404	0.49	74	-1.3	-0.7	931,840	0.46	237,020	25.4	1,791,092	1,312,184	0.52	73
Dried Beans & Peas	430,495	218,761	0.08	51	-4.4	-4.3	129,840	0.06	38,300	29.5	450,309	228,590	0.09	51
Fruits	555,804	421,909	0.15	76	-4.1	-3.2	307,100	0.15	86,300	28.1	579,665	435,778	0.17	75
Apricots	*27,057*	*18,897*	*0.00*	*70*	*-0.9*	*-0.8*					*27,303*	*19,049*	*0.01*	*70*
Dates	*37,309*	*30,118*	*0.01*	*81*	*-3.9*	*-3.1*					*38,823*	*31,082*	*0.01*	*80*
Figs	*9,282*	*6,630*	*0.00*	*71*	*6.9*	*7.2*					*8,683*	*6,185*	*0.00*	*71*
Raisins	*346,212*	*262,304*	*0.09*	*76*	*-7.3*	*-6.4*					*373,476*	*280,239*	*0.11*	*75*
Prunes	*107,595*	*84,220*	*0.03*	*78*	*3.6*	*5.2*					*103,856*	*80,057*	*0.03*	*77*
Other Dried Fruits[17]	*28,349*	*19,740*	*0.00*	*69*	*3.0*	*3.0*					*27,523*	*19,165*	*0.01*	*70*
Instant Mashed Potatoes	138,660	130,821	0.04	94	-1.7	-1.2	97,000	0.05	24,100	24.8	141,058	132,410	0.05	94
Other Instant Potatoes	50,051	46,176	0.01	92	-1.3	-0.8	33,950	0.02	8,250	24.3	50,710	45,548	0.02	92
Rice	593,262	485,737	0.18	82	4.2	3.6	363,950	0.18	80,070	22.0	569,349	468,858	0.18	82
Other Dried Foods	1,161,039	1,044,119	0.39	90	8.1	9.2	803,600	0.40	198,950	24.8	1,074,471	956,570	0.38	89

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13 Includes baked beans

14 Excludes chili, seafood, cocktail and spaghetti sauces

15 Both flavored and unflavored

16 Both instant and other prepared puddings. Includes corn starch puddings, tapioca, and rennet

17 Excludes fruit rolls and bars (listed under snacks)

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CONSUMER EXPENDITURES STUDY

DRY GROCERY—FOOD

CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Cured Fish	197,871	126,657	0.04	64	0.1	0.2	96,840	0.05	27,500	28.4	197,673	126,404	0.05	64
Dry Gravy Mixes	68,494	65,369	0.02	95	6.6	6.8	47,910	0.02	15,860	33.1	64,253	61,207	0.02	95
Dry Dinner Mixes	630,514	611,044	0.23	97	11.9	12.8	455,510	0.22	104,770	23.0	563,462	541,706	0.21	96
Breading Mixes	109,201	91,277	0.03	84	8.8	8.6	67,020	0.03	17,020	25.4	100,368	84,204	0.03	84
Dry Stuffing Mixes	154,959	149,772	0.05	97	4.2	4.7	136,320	0.07	33,800	24.8	148,713	143,049	0.06	96
Fats & Shortenings[18]	1,954,091	1,579,628	0.59	81	1.9	1.5	1,200,740	0.59	207,130	17.3	1,991,752	1,583,593	0.63	81
Cooking & Salad Oils	1,193,957	970,170	0.36	81	-2.8	-2.6	773,030	0.38	143,000	18.5	1,228,351	996,068	0.39	81
Lard	142,233	61,006	0.02	43	-5.5	-5.9	44,770	0.02	13,430	30.0	150,511	64,831	0.03	43
Olive Oil	86,169	80,917	0.03	94	12.1	12.6	58,800	0.03	13,750	23.4	76,868	71,862	0.03	93
Shortening	531,732	467,535	0.17	88	-0.8	-0.7	324,140	0.16	36,950	11.4	536,021	470,831	0.19	88
Jams, Jellies, Preserves	2,308,746	1,859,842	0.70	81	1.4	1.6	1,285,350	0.64	289,200	22.5	2,276,075	1,830,517	0.72	80
Citrus Marmalade	13,537	11,422	0.00	84	2.7	2.8	590,220	0.29	149,900	25.4	13,181	11,111	0.00	84
Fruit Butter	6,869	5,868	0.00	85	1.7	1.8					6,754	5,764	0.00	85
Jams, Preserves	720,852	614,360	0.23	85	2.4	2.5					703,957	599,376	0.24	85
Jellies	272,611	231,283	0.08	85	-3.1	-3.2					281,322	238,929	0.09	85
Honey	185,722	131,113	0.04	71	-10.9	-10.7	94,740	0.05	22,830	24.1	208,443	146,823	0.06	70
Peanut Butter	1,109,155	865,796	0.32	78	4.4	4.5	600,390	0.30	116,470	19.4	1,062,409	828,513	0.33	78
Pasta	1,263,460	930,789	0.35	74	7.8	7.1	699,940	0.35	163,780	23.4	1,172,478	869,219	0.34	74
Macaroni	421,452	291,418	0.10	69	8.6	7.9					388,077	270,082	0.11	70
Noodles	310,343	221,613	0.08	71	10.1	9.9					281,874	201,650	0.08	72
Spaghetti	531,665	417,758	0.15	79	5.8	5.1					502,519	397,486	0.16	79
Prepared Drinks	9,338,126	7,412,161	2.79	79	-.3	-.6	5,400,050	2.67	811,045	15.0	9,369,854	7,458,829	2.94	80
Cocoa	336,100	297,946	0.11	89	3.7	3.9	214,760	0.11	50,680	23.6	324,254	286,759	0.11	88
Unsweetened Cocoa	*32,241*	*23,556*	*0.00*	*73*	*-3.7*	*-3.6*					*33,480*	*24,436*	*0.01*	*73*
Prepared Sweet Cocoa	*303,859*	*274,390*	*0.10*	*90*	*4.5*	*4.6*					*290,774*	*262,323*	*0.10*	*90*
Coffee	6,517,746	4,847,327	1.82	74	0.3	-0.1	3,539,110	1.75	368,785	10.4	6,499,449	4,848,707	1.91	75
Regular Coffee	*4,950,236*	*3,377,845*	*1.27*	*68*	*2.0*	*2.1*	*2,476,450*	*1.23*	*247,645*	*10.0*	*4,853,173*	*3,308,369*	*1.30*	*68*
Instant Coffee	*1,567,255*	*1,469,482*	*0.55*	*94*	*-4.8*	*-4.6*	*1,062,660*	*0.53*	*121,140*	*11.4*	*1,646,276*	*1,540,338*	*0.61*	*94*
Powdered Drink Mixes[19]	820,669	771,767	0.29	94	-2.9	-2.8	560,560	0.28	146,900	26.2	845,180	793,999	0.31	94
Dry Milk Powder	140,199	131,185	0.04	94	-8.1	-7.9	94,800	0.05	16,120	17.0	152,556	142,438	0.06	93
Prepared Food Drinks[20]	123,644	116,504	0.04	94	-8.4	-8.2	77,200	0.04	20,920	27.1	134,982	126,911	0.05	94
Tea	1,034,127	911,384	0.34	88	-1.3	-1.3	671,720	0.33	156,960	23.4	1,047,179	923,539	0.36	88
Bags & Loose Tea	*423,272*	*379,513*	*0.13*	*90*	*-4.3*	*-4.3*	*294,840*	*0.15*	*63,100*	*21.4*	*442,290*	*396,565*	*0.16*	*90*
Herb Tea	*139,158*	*98,081*	*0.03*	*70*	*5.0*	*5.1*	*72,420*	*0.04*	*15,640*	*21.6*	*132,531*	*93,322*	*0.04*	*70*
Ice Tea Mixes	*341,523*	*314,189*	*0.11*	*92*	*1.5*	*1.7*	*223,350*	*0.11*	*56,730*	*25.4*	*336,476*	*308,937*	*0.12*	*92*
Instant Tea	*130,174*	*119,601*	*0.04*	*92*	*-4.2*	*-4.1*	*81,110*	*0.04*	*21,490*	*26.5*	*135,881*	*124,714*	*0.05*	*92*
Breakfast Drinks	142,001	133,322	0.05	94	5.2	4.9	95,600	0.05	20,840	21.8	134,982	127,049	0.05	94
Coffee Creamers	223,640	202,726	0.07	91	-3.3	-3.2	146,300	0.07	29,840	20.4	231,272	209,428	0.08	91
Snacks	7,462,273	4,725,604	1.77	63	8.2	9.2	3,069,700	1.52	900,840	29.3	6,895,835*	4,328,704	1.76	63
Corn Chips	1,086,258	810,765	0.30	75	7.3	7.8	570,900	0.28	162,130	28.4	1,012,356	752,101	0.30	74
Fruit Rolls & Bars	244,763	197,688	0.07	81	22.7	28.3	122,560	0.06	29,170	23.8	199,481	153,600	0.06	77
Packaged Unpopped Popcorn	396,355	333,128	0.12	84	18.6	17.2	171,810	0.09	53,600	31.2	334,195	284,239	0.11	85
Popped Popcorn	330,686	242,288	0.09	73	10.5	10.3	132,220	0.07	41,000	31.0	299,264	219,663	0.09	73
Pork Rinds	212,994	187,355	0.07	88	3.7	3.9	120,820	0.06	36,730	30.4	205,394	180,322	0.07	88
Potato Chips	3,198,461	1,816,580	0.68	57	9.2	9.8	1,179,360	0.58	346,730	29.4	2,928,994	1,654,444	0.65	56
Pretzels	289,101	259,519	0.09	90	3.4	3.7	207,780	0.10	65,030	31.3	279,595	250,259	0.10	90
Snack Nuts[21]	1,703,655	878,281	0.33	52	4.1	5.3	564,250	0.28	166,450	29.5	1,636,556	834,075	0.33	51
Soft Drinks	11,610,459	6,723,057	2.53	58	2.6	3.6	5,471,300	2.71	1,403,040	25.6	11,312,879	6,491,562	2.56	57
Bottled Soft Drinks	9,681,960	4,887,667	1.84	50	1.6	1.7	5,232,980	2.59	1,334,400	25.5	9,532,679	4,805,803	1.89	50
Dietetic	*715,713*	*566,207*	*0.21*	*79*	*2.4*	*2.5*					*698,938*	*552,397*	*0.22*	*79*
Sugared	*8,966,247*	*4,321,460*	*1.62*	*48*	*1.5*	*1.6*					*8,833,741*	*4,253,406*	*1.68*	*48*
Canned Soft Drinks	1,669,190	1,583,323	0.59	95	6.7	7.3					1,563,747	1,476,227	0.58	94
Dietetic	*647,303*	*598,439*	*0.22*	*92*	*11.2*	*12.5*					*582,107*	*531,946*	*0.21*	*91*
Sugared	*1,021,887*	*984,884*	*0.37*	*96*	*4.1*	*4.3*					*981,640*	*944,280*	*0.37*	*96*
Bottled Water	259,309	252,067	0.09	97	19.8	20.3	238,320	0.12	68,640	28.8	216,452	209,532	0.08	97
Sweeteners, Flavors	2,686,443	2,201,883	0.82	82	2.2	2.2	1,634,640	0.80	251,660	15.4	2,745,592	2,251,955	0.89	82
Flavoring Extracts	145,504	97,673	0.03	67	0.5	0.8	72,320	0.04	23,560	32.6	144,720	96,904	0.04	67
Vanilla Extract	*86,682*	*59,545*	*0.02*	*69*	*0.3*	*0.6*	*44,160*	*0.02*	*14,130*	*32.0*	*86,423*	*59,190*	*0.02*	*68*
Other Flavoring Extracts	*58,822*	*38,128*	*0.01*	*65*	*0.9*	*1.1*	*28,160*	*0.01*	*9,430*	*33.5*	*58,297*	*37,713*	*0.01*	*65*
Marshmallow Cream	12,223	10,933	0.00	89	5.4	5.3	7,860	0.00	1,890	24.1	11,597	10,383	0.00	90
Packaged Molasses	22,736	19,584	0.00	86	3.7	3.8	14,380	0.01	3,540	24.6	21,925	18,867	0.01	86
Sugar	1,764,999	1,491,921	0.56	85	-7.5	-7.3	1,089,620	0.54	117,680	10.8	1,908,108	1,609,408	0.63	84
Synthetic Sweeteners	282,927	239,644	0.09	85	9.6	10.4	178,670	0.09	45,200	25.3	258,145	217,069	0.09	84
Table Syrup	458,054	342,128	0.12	75	14.2	14.3	271,790	0.13	59,790	22.0	401,098	299,325	0.12	75
Total Dry Grocery—Food	121,564,599	77,316,248	29.10	63	3.8	3.3	55,213,220	27.35	12,134,435	22.0	117,122,356	74,813,336	29.48	64
Total Foods	312,027,624	203,590,472	76.67	65	3.1	3.6	156,689,471	77.62	38,838,505	24.8	302,701,572	196,534,811	77.50	65

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18 Margarine included with dairy

19 Excludes "Breakfast Drinks" listed separately

20 Includes chocolate syrup drinks, malted milk items and other non-refrigerated items, but excludes chocolate syrup

21 Includes bulk nuts

CONSUMER EXPENDITURES STUDY

DRY GROCERY: NONFOOD

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
DRY GROCERY (NON-FOOD)														
Home Canning Supplies	115,411	93,365	0.03	81	0.3	0.1	77,200	0.04	22,000	28.5	115,027	93,241	0.04	81
Caps, Lids, Bands	63,917	55,110	0.02	86	3.1	2.9					61,995	53,557	0.02	86
Jars	51,494	38,255	0.01	74	−2.9	−3.6					53,032	39,684	0.02	75
Laundry Supplies	1,205,774	1,109,537	0.41	92	4.2	4.3	805,490	0.40	166,730	20.7	1,156,832*	1,063,707	0.41	92
Bleaches	315,129	293,129	0.11	93	2.1	2.2	206,730	0.10	33,080	16.0	308,413	286,732	0.11	93
Liquid Bleach	*264,808*	*247,539*	*0.09*	*93*	*1.5*	*1.6*					*260,895*	*243,641*	*0.10*	*93*
Dry Bleach	*50,321*	*45,590*	*0.01*	*81*	*5.9*	*5.8*					*47,518*	*43,091*	*0.02*	*91*
Bluing	4,680	3,917	0.00	84	−1.7	−1.8	2,750	0.00	730	26.5	4,761	3,989	0.00	84
Fabric Softeners	641,919	592,371	0.22	92	6.6	6.7	437,500	0.22	97,120	22.2	602,175	555,174	0.22	92
Soil & Stain Removers	154,421	138,979	0.05	90	−0.8	−0.8	101,470	0.05	20,500	20.2	155,656	140,100	0.05	90
Laundry Starch	89,625	81,141	0.03	91	4.4	4.4	57,040	0.03	15,300	26.8	85,827	77,712	0.03	91
Dry Starch	*3,115*	*2,794*	*0.00*	*90*	*−4.3*	*−3.8*					*3,255*	*2,904*	*0.00*	*89*
Liquid Starch	*12,975*	*12,032*	*0.00*	*93*	*−8.0*	*−8.3*					*14,103*	*13,121*	*0.01*	*93*
Spray Starch	*73,535*	*66,315*	*0.03*	*90*	*7.4*	*7.5*					*68,469*	*61,688*	*0.02*	*90*
Soaps & Detergents	5,858,702	5,318,404	2.00	91	2.6	2.7	4,066,380	2.01	697,260	17.1	5,709,548	5,175,584	2.04	91
Cleansers (Scouring)	297,234	233,029	0.08	78	−5.0	−4.8	169,700	0.08	32,240	19.0	312,876	244,778	0.10	78
Laundry Bar Soaps	4,970	3,944	0.00	79	−4.0	−3.8	3,050	0.00	730	24.0	5,177	4,100	0.00	79
Soap Flakes, Chips, Powder	43,493	41,089	0.01	94	−2.4	−2.2	30,050	0.01	4,930	16.4	44,563	42,013	0.02	94
Liquid Detergents	1,807,234	1,692,822	0.63	94	8.8	9.1	1,351,740	0.67	231,570	17.1	1,659,782	1,551,132	0.61	93
Heavy Duty	*600,633*	*559,690*	*0.21*	*93*	*13.1*	*13.5*	*453,350*	*0.22*	*75,250*	*16.6*	*531,064*	*493,119*	*0.19*	*93*
Other Liquid Detergents[22]	*1,206,601*	*1,133,132*	*0.42*	*94*	*6.9*	*7.1*	*898,390*	*0.44*	*156,320*	*17.4*	*1,128,719*	*1,058,013*	*0.42*	*94*
Other Detergents	2,396,739	2,276,341	0.85	95	−0.3	−0.2	1,730,460	0.86	266,400	15.4	2,402,215	2,278,870	0.90	95
Dishwashing Compounds	*441,792*	*389,401*	*0.14*	*88*	*4.1*	*4.2*	*304,440*	*0.15*	*62,700*	*20.6*	*424,392*	*373,705*	*0.15*	*88*
Other Dry Low Sudsing	*849,944*	*804,156*	*0.30*	*95*	*−1.5*	*−1.3*	*603,120*	*0.30*	*86,850*	*14.4*	*862,786*	*814,748*	*0.32*	*94*
Other Dry Detergents	*1,105,003*	*1,082,784*	*0.40*	*98*	*−0.9*	*−0.7*	*822,900*	*0.41*	*116,850*	*14.2*	*1,115,038*	*1,090,417*	*0.43*	*98*
Toilet Soaps & Detergents	1,175,781	995,140	0.37	85	1.2	1.0	726,000	0.36	148,100	20.4	1,161,666*	984,416	0.38	85
Bath Detergents	*151,414*	*116,867*	*0.04*	*77*	*1.2*	*1.5*					*149,619*	*115,140*	*0.05*	*77*
Bath Soaps	*331,379*	*259,245*	*0.09*	*78*	*6.7*	*6.8*					*310,571*	*242,739*	*0.10*	*78*
Deodorant Soaps & Bars	*511,284*	*501,601*	*0.18*	*98*	*−2.4*	*−2.3*					*523,857*	*512,409*	*0.20*	*98*
Liquid Soaps	*181,704*	*117,427*	*0.04*	*65*	*2.3*	*3.8*					*177,619*	*113,128*	*0.04*	*64*
Water Softening Salt	133,251	76,039	0.02	57	8.1	8.2	55,380	0.03	13,290	24.0	123,266	70,276	0.03	57
Other Cleaners, Cleansers & Supplies	3,104,329	1,971,304	0.74	64	2.6	2.8	1,380,080	0.68	379,000	27.5	3,024,663*	1,917,520	0.75	63
All-Purpose Cleaners (Liquid)	667,449	579,745	0.21	87	5.5	6.2	445,390	0.22	101,550	22.8	632,653	545,899	0.22	86
Cellulose Sponges	120,932	90,315	0.03	75	6.9	6.7	64,350	0.03	25,870	40.2	113,126	84,644	0.03	75
Drain Pipe Solvents	29,104	27,037	0.01	93	4.3	4.7	21,560	0.01	5,480	25.4	27,904	25,823	0.01	93
Household Ammonia	47,663	32,998	0.01	69	−1.7	−1.8	23,850	0.01	6,080	25.5	48,487	33,603	0.01	69
Household Brooms	146,927	96,574	0.03	66	−0.8	−2.0	78,560	0.04	31,420	40.0	148,112	98,545	0.04	67
Mops	196,170	115,920	0.04	59	0.6	0.8					195,000	115,000	0.04	59
Spot Cleaning Fluids	37,898	16,068	0.00	42	2.3	1.9	11,350	0.00	3,590	31.6	37,046	15,768	0.01	43
Household Disinfectants	257,058	193,203	0.07	75	1.9	1.7	139,290	0.07	35,940	25.8	252,129	189,912	0.07	75
Aerosol	*204,303*	*150,202*	*0.05*	*74*	*2.1*	*1.8*					*200,101*	*147,546*	*0.06*	*74*
Non-Aerosol	*52,755*	*43,001*	*0.01*	*82*	*1.4*	*1.5*					*52,027*	*42,366*	*0.02*	*81*
Household Deodorizers	299,693	169,560	0.06	57	0.9	1.2	122,530	0.06	33,570	27.4	296,894	167,459	0.07	56
Aerosol, Room	*85,835*	*62,047*	*0.02*	*72*	*1.3*	*1.7*					*84,733*	*61,010*	*0.02*	*72*
Non-Aerosol, Room	*213,858*	*107,513*	*0.04*	*50*	*0.8*	*1.0*					*212,161*	*106,449*	*0.04*	*50*
Rug Cleaners	72,637	52,755	0.01	73	−0.5	−0.2	39,240	0.02	11,180	28.5	73,002	52,861	0.02	72
Oven Cleaners	67,712	63,709	0.02	94	−9.9	−9.8	48,140	0.02	12,280	25.5	74,327	69,856	0.03	94
Steel Wool & Wire Sponges	115,739	106,192	0.03	92	−0.4	−0.3	75,720	0.04	20,000	26.4	116,204	106,512	0.04	92
Toilet Bowl Cleaners	104,454	89,221	0.03	85	2.3	2.6	63,630	0.03	17,940	28.2	102,106	86,960	0.03	85
Vacuum Cleaner Bags	708,644	161,384	0.06	23	3.1	2.8	117,330	0.06	41,650	35.5	687,337	156,988	0.06	23
Wall & Floor Cleaners[23]	52,018	45,841	0.01	88	4.1	3.8	32,700	0.02	9,150	28.0	49,969	44,163	0.02	88
Window Cleaners	82,852	72,167	0.02	87	8.0	7.1	51,460	0.03	12,550	24.4	76,715	67,383	0.03	88
All Other Cleaners[24]	97,679	58,615	0.02	60	4.3	4.4	44,980	0.02	10,840	24.1	93,652	56,145	0.02	60
Paper, Plastic, Foil Products	10,706,300	9,159,046	3.44	86	5.3	5.4	6,789,000	3.36	1,251,680	18.4	10,169,984*	8,688,794	3.42	85
Cleansing & Facial Tissues	666,311	722,634	0.29	89	6.3	6.7	628,050	0.31	117,450	18.7	814,968	724,118	0.29	89
Coffee Filters	77,365	72,754	0.02	94	6.2	6.9	54,100	0.03	14,070	26.0	72,848	68,058	0.03	93
Disposable Diapers	2,773,019	2,002,154	0.75	72	4.1	3.6	1,423,350	0.70	139,500	9.8	2,663,803	1,932,581	0.76	73
Freezer Paper	18,915	15,797	0.00	84	2.8	3.1	11,680	0.01	3,500	30.0	18,400	15,322	0.01	83
Paper Cups[25]	359,269	284,013	0.10	79	2.8	2.9	241,280	0.12	68,520	28.4	349,483	276,009	0.11	79
Paper Napkins	408,819	387,502	0.14	95	3.3	3.1	309,330	0.15	66,800	21.6	395,759	375,851	0.15	95
Paper Plates	519,332	418,666	0.15	81	6.1	6.6	313,700	0.16	88,780	28.3	489,474	392,745	0.15	80
Paper Towels	1,634,413	1,519,880	0.57	93	6.5	6.7	1,031,420	0.51	183,600	17.8	1,534,660	1,424,442	0.56	93
Pre-Moistened Wipes[26]	140,270	114,392	0.04	82	17.8	18.2	84,760	0.04	22,700	26.8	119,075	96,778	0.04	81
Sandwich Bags	7,735	7,082	0.00	92	1.9	2.0	5,150	0.00	1,520	29.5	7,591	6,943	0.00	91
Toilet Paper	2,345,608	2,252,026	0.84	96	6.5	6.8	1,599,780	0.79	279,950	17.5	2,202,449	2,108,639	0.83	96
Waxed Paper	40,389	34,756	0.01	86	2.1	2.1	25,610	0.01	5,000	19.5	41,255	35,502	0.01	86
Other Paper Products	92,865	26,803	0.01	29	5.2	4.7	34,550	0.02	8,290	24.0	143,465	42,283	0.02	29
Household Aluminum Foil	431,007	384,155	0.14	89	0.2	0.3	304,900	0.15	60,980	20.0	429,718	383,388	0.15	89
Disposable Aluminum Cookware	158,700	121,440	0.04	77	5.8	5.6	100,450	0.05	24,600	24.5	150,000	115,000	0.04	77

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[22] Includes dishwashing liquids

[23] Excludes liquids

[24] Includes borax, water softeners and similar products

[25] Includes plastic, and other non-paper disposables

[26] Includes baby wipes

CONSUMER EXPENDITURES STUDY
DRY GROCERY: NONFOOD

CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Plastic Bags	569,321	505,324	0.19	89	1.9	2.0	469,950	0.23	129,290	27.5	558,483	495,347	0.20	89
Garbage Disposal Bags	*325,871*	*288,303*	*0.10*	*88*	*1.6*	*1.8*	*268,120*	*0.13*	*76,410*	*28.5*	*320,739*	*283,205*	*0.11*	*88*
Food & Other Bags	*243,450*	*217,021*	*0.08*	*89*	*2.4*	*2.3*	*201,830*	*0.10*	*52,880*	*26.2*	*237,744*	*212,142*	*0.08*	*89*
Plastic Film Wraps	262,962	239,668	0.09	91	12.5	12.8	150,940	0.07	37,130	24.6	233,744	212,472	0.08	91
Pesticides	418,910	286,918	0.10	68	3.0	2.7	218,400	0.11	70,980	32.5	406,565	279,327	0.11	69
Aerosol	286,369	197,652	0.07	69	3.8	3.3					275,885	191,330	0.08	69
Liquid (Non-Aerosol)	54,554	38,529	0.01	71	3.2	2.7					52,882	37,516	0.01	71
Pastes, Solids, Strips	36,222	24,872	0.01	69	1.9	1.5					35,547	24,504	0.01	69
Personal Insect Repellants	41,765	25,865	0.01	62	−1.2	−0.4					42,272	25,969	0.01	61
Waxes & Polishes	412,305	318,710	0.11	77	4.3	4.3	221,550	0.11	57,250	25.8	395,032	305,447	0.12	77
Furniture Polish	235,195	195,016	0.07	77	6.8	6.6	132,530	0.06	33,930	25.6	237,074	182,942	0.07	77
Liquid Floor Wax	7,167	4,178	0.00	58	3.9	2.8					6,898	4,064	0.00	59
Paste Floor Wax	4,808	3,164	0.00	66	−5.6	−5.7	89,020	0.04	23,320	26.2	5,094	3,355	0.00	66
Self-Polishing Floor Wax	147,135	116,352	0.04	79	0.8	1.1					145,967	115,086	0.05	79
Other Household Supplies	2,623,140	1,267,513	0.47	48	3.6	3.6	720,070	0.36	245,080	34.0	2,530,561	1,223,863	0.48	48
Charcoal Briquettes	362,171	317,812	0.13	88	2.3	2.8	180,400	0.09	41,850	23.2	354,028	309,156	0.12	87
Charcoal Lighter	126,543	91,157	0.03	72	1.7	1.8	60,620	0.03	17,090	28.2	124,428	89,544	0.04	72
Electric Christmas Bulbs & Sets	251,182	29,433	0.01	12	1.9	2.1	17,590	0.01	7,040	40.0	246,499	28,828	0.01	12
Electric Light Bulbs[27]	1,134,147	479,759	0.18	42	4.8	4.1	260,900	0.13	104,360	40.0	1,082,201	460,864	0.18	43
Fireplace Logs	73,771	49,664	0.01	67	11.5	13.9	42,820	0.02	12,120	28.3	66,162	43,003	0.02	65
Household Glue	23,944	3,266	0.00	14	4.1	2.9	1,890	0.00	710	37.4	23,001	3,174	0.00	14
Household Tints & Dyes	47,984	4,373	0.00	9	3.2	3.3	2,540	0.00	1,070	42.2	46,496	4,234	0.00	9
Matches[28]	40,919	30,338	0.01	74	−3.8	−0.2	18,190	0.01	5,450	30.0	42,535	30,399	0.01	71
Shoe Polish	239,161	73,460	0.02	31	2.8	2.7	43,780	0.02	19,440	44.4	232,647	71,529	0.03	31
Gloves	154,387	106,064	0.03	69	3.8	3.8	63,340	0.03	27,550	43.5	148,712	102,092	0.04	69
Household Gloves	*63,980*	*23,932*	*0.01*	*37*	*4.7*	*4.9*					*61,108*	*22,814*	*0.01*	*37*
Rubber Gloves	*90,407*	*82,132*	*0.03*	*91*	*3.2*	*3.6*					*87,604*	*79,278*	*0.03*	*90*
Household Supplies, n.c.e.	168,931	82,187	0.03	49	3.1	3.2	28,000	0.01	8,400	30.0	163,852	79,639	0.03	49
Pet Foods[29]	5,932,800	5,503,580	2.07	93	3.9	4.4	3,951,380	1.96	815,520	20.6	5,728,083	5,270,363	2.08	92
Canned Pet Food	1,946,411	1,868,425	0.70	96	3.2	3.6	1,353,690	0.67	268,960	19.9	1,884,703	1,801,852	0.71	96
Canned Cat Food	*1,041,536*	*1,004,690*	*0.37*	*96*	*6.2*	*6.9*	*740,100*	*0.37*	*145,060*	*19.6*	*980,731*	*939,841*	*0.37*	*96*
Canned Dog Food	*904,875*	*863,735*	*0.32*	*95*	*0.1*	*0.2*	*613,590*	*0.30*	*123,900*	*20.2*	*903,971*	*862,011*	*0.34*	*95*
Dry Pet Food	2,774,758	2,574,660	0.96	93	4.3	4.9	1,825,960	0.90	364,350	20.0	2,657,840	2,452,506	0.97	92
Dry Cat Food	*760,017*	*713,253*	*0.26*	*94*	*5.2*	*6.8*	*505,700*	*0.25*	*108,220*	*21.4*	*722,450*	*667,840*	*0.26*	*92*
Dry Dog Food	*2,014,741*	*1,861,407*	*0.70*	*92*	*4.1*	*4.3*	*1,320,260*	*0.65*	*256,130*	*19.4*	*1,935,390*	*1,784,666*	*0.70*	*92*
Semi-Moist Pet Food	504,224	466,119	0.17	92	−0.5	−0.1	349,800	0.17	73,730	21.1	506,300	466,471	0.18	92
Semi-Moist Cat Food	*286,316*	*261,289*	*0.09*	*91*	*0.2*	*0.5*	*185,250*	*0.09*	*39,830*	*21.5*	*285,745*	*259,989*	*0.10*	*91*
Semi-Moist Dog Food	*217,908*	*204,830*	*0.07*	*94*	*−1.2*	*−0.8*	*164,550*	*0.08*	*33,900*	*20.6*	*220,556*	*206,482*	*0.08*	*94*
Pet Snacks	331,999	315,516	0.11	95	5.8	6.1	224,900	0.11	57,120	25.4	313,799	297,376	0.12	95
Cat Litter	375,408	278,860	0.10	74	8.7	10.5	197,030	0.10	51,420	26.1	345,362	252,157	0.10	73
Tobacco Products	25,161,364	10,736,110	4.04	43	6.4	3.3	7,509,700	3.72	1,078,080	14.3	23,630,247	10,385,398	4.09	44
Cigarettes	23,388,850	10,147,679	3.82	43	7.0	3.3	7,392,840	3.66	1,049,780	14.2	21,856,537	9,817,675	3.87	45
Filter-Tipped Cigarettes	*22,011,425*	*9,511,871*	*3.58*	*43*	*7.6*	*5.6*					*20,456,715*	*9,817,675*	*3.87*	*45*
Other Cigarettes	*1,377,425*	*635,808*	*0.23*	*46*	*−1.6*	*−2.5*					*1,399,822*			
Cigars	636,041	78,500	0.02	12	−9.6	−10.8	41,010	0.02	9,640	23.5	703,585	88,004	0.03	13
Tobacco & Snuff	1,136,473	509,931	0.19	45	6.2	6.3	75,850	0.04	18,660	24.6	1,070,125	479,700	0.19	45
Total Dry Grocery (Non-Food)	55,539,035	35,764,487	13.46	64	3.7	2.1	25,739,250	12.75	4,783,580	18.6	53,558,822	35,040,461	13.81	65

CONSUMER EXPENDITURES STUDY
HEALTH & BEAUTY AIDS

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Dieting Aids	421,313	201,169	0.07	48	−7.9	−10.2	58,850	.03	19,300	32.8	457,945	223,959	0.09	49
Diet Supplements	104,911	69,712	0.02	66	10.3	10.7					95,114	62,974	0.02	66
Metered Calorie Meals[30]	110,656	78,020	0.02	71	−27.6	−27.6					152,840	107,171	0.04	70
Reducing Preparations	205,746	53,437	0.02	26	−1.6	−0.7					209,091	53,814	0.02	26

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[27] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70% residential

[28] Includes wooden and book matches

[29] Bird food and other pet accessories listed under General Merchandise

[30] Does not include frozen foods

CONSUMER EXPENDITURES STUDY
HEALTH & BEAUTY AIDS
CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total
Cosmetics	4,406,325	563,863	0.21	13	3.6	6.5	433,640	0.21	166,510	38.4	4,249,531	529,295	0.21	12
Eye Makeup Products	2,385,550	483,131	0.18	20	2.4	6.7	354,780	0.17	134,820	38.0	2,329,554	452,630	0.18	19
Eye Shadow	*1,014,532*	*209,895*	*0.07*	*21*	*-4.1*	*3.6*					*1,057,907*	*202,601*	*0.08*	*19*
Eyeliner	*232,561*	*46,249*	*0.01*	*20*	*14.2*	*15.7*					*203,644*	*39,973*	*0.02*	*20*
Mascara	*912,668*	*183,019*	*0.06*	*20*	*8.6*	*10.4*					*840,394*	*165,778*	*0.07*	*20*
Other Eye Preparations & Accessories[31]	*225,789*	*43,968*	*0.01*	*19*	*-0.8*	*-0.7*					*227,610*	*44,278*	*0.02*	*19*
Lipstick (& Glosses)	1,231,825	42,115	0.01	34	4.1	3.4	32,830	0.02	13,130	40.0	1,183,309	40,730	0.02	3
Makeup Bases	649,211	32,364	0.01	5	8.6	8.9	41,230	0.02	16,570	40.2	597,762	29,713	0.01	5
Cake	*66,326*	*3,417*	*0.00*	*5*	*6.8*	*5.3*					*62,102*	*3,245*	*0.00*	*5*
Cream	*184,807*	*8,705*	*0.00*	*5*	*2.0*	*4.1*					*181,183*	*9,362*	*0.00*	*5*
Lotion	*398,078*	*20,242*	*0.00*	*5*	*12.3*	*11.8*					*354,477*	*18,106*	*0.01*	*5*
Pressed Cake Powder & Blush	139,739	6,253	0.00	4	0.6	0.5	4,800	0.00	1,990	41.4	138,906	6,222	0.00	4
Feminine Hygiene Products	1,538,014	918,256	0.34	60	7.2	8.0	805,500	0.40	162,800	20.2	1,433,656	849,912	0.34	59
Douches	56,393	20,434	0.00	36	8.5	8.8	20,810	0.01	5,720	27.5	51,953	18,780	0.01	36
Liquid Douches	*34,745*	*11,442*	*0.00*	*33*	*9.8*	*10.2*					*31,664*	*10,383*	*0.00*	*33*
Powder Douches	*21,648*	*8,992*	*0.00*	*42*	*6.7*	*7.1*					*20,289*	*8,396*	*0.00*	*41*
Sanitary Napkins	1,000,100	617,397	0.23	62	3.2	4.9	577,240	0.29	116,000	20.1	969,089	593,081	0.23	61
Tampons	481,521	280,425	0.10	58	16.7	17.8	207,450	0.10	41,080	19.8	412,614	238,052	0.09	58
Hair Products	3,888,755	1,534,469	0.57	39	4.5	4.8	1,401,350	0.69	412,670	29.4	3,720,731	1,462,900	0.58	39
Coloring Preparations	625,446	90,507	0.03	14	8.7	7.5	81,480	0.04	20,530	25.2	575,387	84,193	0.03	15
Cream Rinses	149,211	83,528	0.03	56	-1.1	0.2	82,570	0.04	20,970	25.4	150,871	83,361	0.03	55
Dandruff Rinses	16,030	5,760	0.00	36	-0.3	0.1					16,078	5,754	0.00	36
Men's Hair Dressings	136,805	67,905	0.02	50	10.5	11.9	62,470	0.03	17,740	28.4	123,802	60,682	0.02	49
Men's Hair Spray	*44,289*	*19,092*	*0.00*	*43*	*10.3*	*9.6*					*40,153*	*17,420*	*0.01*	*43*
Other Men's Hair Dressings	*92,516*	*48,843*	*0.01*	*53*	*10.6*	*12.9*					*83,649*	*43,262*	*0.02*	*52*
Shampoos	1,211,896	751,063	0.28	62	2.0	3.2	695,700	0.34	184,360	26.5	1,186,980	727,644	0.29	61
Baby Shampoo	*79,229*	*57,820*	*0.02*	*73*	*-1.8*	*1.2*					*80,681*	*57,134*	*0.02*	*71*
Color Shampoo	*11,839*	*2,930*	*0.00*	*25*	*-18.7*	*-16.3*					*14,562*	*3,501*	*0.00*	*24*
Medicated Shampoo	*315,024*	*170,123*	*0.06*	*54*	*10.8*	*11.2*					*284,318*	*152,988*	*0.06*	*54*
Other Shampoo	*805,804*	*520,190*	*0.19*	*65*	*-0.2*	*1.2*					*807,419*	*514,022*	*0.20*	*64*
Barrettes	79,839	10,301	0.00	13	2.8	2.6	166,200	0.08	86,420	52.0	77,816	10,040	0.00	13
Bobby Pins	40,474	10,478	0.00	26	-2.6	-2.6					41,554	10,756	0.00	26
Combs	155,725	17,375	0.00	11	2.8	3.0					151,483	16,869	0.01	11
Curlers & Rollers	140,679	27,217	0.01	19	-3.5	-3.3					145,781	28,146	0.01	19
Hair Brushes	294,713	97,909	0.03	33	-1.2	-0.7					298,293	98,599	0.04	33
Hair Nets	37,245	4,237	0.00	11	-1.7	-2.0					37,889	4,323	0.00	11
Pin Curl Clips	29,460	9,919	0.00	34	1.3	1.1					29,082	9,811	0.00	34
Pony Tailers	79,896	8,922	0.00	11	3.1	2.2					77,494	8,730	0.00	11
Home Permanent Kits, Refills	141,692	27,151	0.01	19	-2.6	-1.8	23,990	0.01	6,720	28.0	145,474	27,649	0.01	19
Waveset Preparations	34,023	9,575	0.00	28	17.9	18.6	7,510	0.00	2,140	28.5	28,858	8,073	0.00	28
Women's Hair Dressings & Conditioners	300,718	134,477	0.05	45	12.1	11.6	116,750	0.06	30,350	26.0	268,259	120,499	0.05	45
Women's Hair Spray	364,295	165,253	0.06	45	13.8	13.1	154,500	0.08	40,790	26.4	320,119	146,112	0.06	46
Other Hair Dressings	50,608	12,892	0.00	25	11.2	10.6	10,180	0.00	2,650	26.0	45,511	11,656	0.00	26
Health Aids	1,066,034	491,425	0.18	46	6.3	6.6	403,140	0.20	125,940	31.2	1,002,168	460,762	0.18	46
Baby Oils & Lotions	111,885	89,190	0.03	80	2.6	3.2	73,160	0.04	21,070	28.8	109,050	86,424	0.03	79
Baby Pants	82,904	12,528	0.00	15	-7.4	-15.6	14,320	0.01	5,730	40.0	89,529	14,844	0.01	17
Baby Powder	91,304	44,275	0.01	48	1.7	1.3	36,300	0.02	9,000	24.8	89,778	43,707	0.02	49
Cotton Swabs	87,908	53,461	0.02	61	7.6	8.6	43,820	0.02	12,880	29.4	81,699	49,227	0.02	60
Diaper Rash Products	31,307	17,227	0.00	55	2.3	3.1	14,120	0.01	3,740	26.5	30,603	16,709	0.01	55
Fever Thermometers	31,974	10,678	0.00	33	5.6	5.9	8,710	0.00	3,570	41.0	30,278	10,083	0.00	33
First Aid Products	517,675	230,619	0.08	45	8.8	10.1	186,500	0.09	60,610	32.5	475,391	209,424	0.08	44
Adhesive Bandages	*202,537*	*104,722*	*0.03*	*52*	*13.6*	*14.8*					*178,290*	*91,221*	*0.04*	*51*
Adhesive Tape	*74,675*	*43,000*	*0.01*	*58*	*7.6*	*8.1*					*69,401*	*39,778*	*0.02*	*57*
Cotton Balls	*72,196*	*26,228*	*0.01*	*36*	*4.1*	*4.3*					*69,353*	*25,147*	*0.01*	*36*
First Aid Kits	*40,428*	*21,363*	*0.00*	*53*	*5.4*	*5.8*					*38,357*	*20,192*	*0.01*	*53*
Gauze Bandages	*44,207*	*10,701*	*0.00*	*24*	*6.8*	*7.4*					*41,392*	*9,964*	*0.00*	*24*
Gauze Dressings	*51,411*	*11,123*	*0.00*	*22*	*7.5*	*8.3*					*47,824*	*10,271*	*0.00*	*21*
Other First Aid Cotton	*32,221*	*13,482*	*0.00*	*42*	*4.7*	*4.9*					*30,775*	*12,852*	*0.01*	*42*
Nipples & Pacifiers	36,515	13,821	0.00	38	23.6	13.9	11,330	0.00	4,020	35.5	29,543	12,134	0.00	41
Nursing Bottles	36,288	5,766	0.00	16	11.3	5.8	4,730	0.00	1,670	35.4	32,604	5,450	0.00	17
Disposable Bottle Liners	38,274	13,860	0.00	36	13.6	8.6	10,150	0.00	3,650	36.0	33,692	12,762	0.01	38
Nail Care Products[32]	507,084	91,907	0.03	16	6.0	7.7	72,650	0.04	29,060	40.0	478,202	85,308	0.03	18
Manicure Implements	156,312	41,364	0.01	26	9.7	11.2					142,490	37,198	0.01	26
Nail Polish & Enamel	297,275	39,158	0.01	13	5.6	7.1					281,510	36,562	0.01	13
Nail Polish Remover	53,497	11,385	0.00	21	-1.3	-1.4					54,202	11,547	0.00	21
Oral Hygiene Products	2,247,135	1,227,583	0.46	55	8.2	9.3	1,068,840	0.53	232,100	21.7	2,076,029	1,122,747	0.44	54
Denture Products	293,682	121,839	0.04	41	2.7	2.9	103,250	0.05	27,050	26.2	285,736	118,304	0.05	41
Denture Adhesives	*134,487*	*49,374*	*0.01*	*37*	*1.6*	*2.1*					*132,369*	*48,358*	*0.02*	*37*
Denture Cleansers	*159,195*	*72,465*	*0.02*	*46*	*3.8*	*3.6*					*153,367*	*69,947*	*0.03*	*46*
Mouthwashes & Gargles	489,149	257,001	0.09	53	7.0	8.1	222,890	0.11	49,040	22.0	457,149	237,744	0.09	52
Breath Fresheners[33]	19,018	9,851	0.00	52	2.9	2.8	8,110	0.00	2,750	34.0	18,482	9,583	0.00	52

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[31] Includes false eyelashes, adhesives, brushes, tweezers, etc

[32] Excludes products sold for professional use

[33] Liquids and sprays only

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro[2] to Total
Toothbrushes	294,251	97,722	0.03	33	7.8	10.4	80,350	0.04	26,920	33.5	272,960	88,516	0.03	32
Toothpaste & Powder	1,088,777	715,121	0.26	66	10.6	10.9	635,340	0.31	119,440	18.8	984,428	644,834	0.25	66
Dental Floss	62,258	26,049	0.01	42	8.7	9.6	18,900	0.01	6,900	36.5	57,275	23,767	0.01	41
Packaged Medications	**6,296,914**	**2,154,763**	**0.81**	**34**	**8.5**	**11.3**	**1,792,540**	**0.89**	**447,580**	**25.0**	**5,801,527**	**1,935,604**	**0.76**	**33**
Acne Preparations	183,443	34,254	0.01	17	6.4	7.2	28,350	0.01	9,070	32.0	172,409	31,953	0.01	19
Aerosol Antiseptics	57,955	10,944	0.00	19	8.7	8.9	57,990	0.03	20,590	35.5	53,316	10,050	0.00	19
Athlete's Foot Medications	86,892	21,734	0.00	25	16.3	18.1					74,714	18,403	0.01	25
Burn Remedies	48,064	13,591	0.00	28	1.6	1.2					47,307	13,430	0.01	28
External Antiseptics	22,710	4,600	0.00	20	9.9	9.8					20,664	4,189	0.00	20
Foot Salves, Ointments	55,604	12,881	0.00	23	10.7	10.6					50,229	11,678	0.00	23
Poison Ivy Remedies	37,664	8,775	0.00	23	13.8	11.5					33,097	7,870	0.00	24
Antacids	397,833	206,171	0.07	52	7.0	11.5	179,210	0.09	45,700	25.5	371,711	184,782	0.07	50
Effervescent Antacids	172,872	89,970	0.03	52	7.8	11.3					160,364	80,836	0.03	50
Liquid Antacids	103,590	46,280	0.01	45	4.5	8.9					99,129	42,498	0.02	43
Powder Antacids	5,006	2,142	0.00	43	2.8	4.6					4,870	2,048	0.00	42
Tablets, Pills, Gum, Lozenges	116,365	67,775	0.02	58	8.4	14.1					107,348	59,400	0.02	55
Cold Capsules, Tablets	582,964	304,024	0.11	52	7.8	8.3	249,340	0.12	61,840	24.8	540,783	280,724	0.11	52
Cough Medications	1,206,086	234,299	0.08	19	7.5	8.3	205,000	0.10	54,940	26.8	1,121,416	216,239	0.09	19
Cough Drops, Lozenges, Troches	341,726	78,998	0.02	23	6.0	6.9					322,126	73,836	0.03	23
Cough Drops	207,624	70,645	0.02	34	6.4	7.1					195,135	65,962	0.03	34
Lozenges, Troches	134,102	8,353	0.00	6	5.6	6.1					126,991	7,873	0.00	6
Salves, Ointments[34]	57,209	20,786	0.00	36	4.1	4.1					54,956	19,967	0.01	36
Syrups, Elixirs, Expectorants	559,947	115,379	0.04	21	7.1	9.3					522,826	105,562	0.04	20
Other Cough & Cold Remedies[35]	247,204	19,136	0.00	8	11.6	13.4					221,509	16,875	0.01	8
Nasal Sprays & Drops	169,651	20,998	0.00	12	1.1	3.2	17,960	0.01	5,030	28.0	167,806	20,347	0.00	12
Analgesics	2,020,725	889,474	0.33	44	6.3	7.5	733,030	0.36	161,720	22.1	1,899,250	827,266	0.33	44
Internal Analgesics	1,890,011	851,277	0.32	45	6.7	7.7	701,060	0.35	152,830	21.8	1,770,341	789,781	0.31	45
Arthritic	85,872	27,417	0.01	32	4.4	4.8					82,253	26,161	0.01	32
Extra Strength	887,041	432,296	0.16	49	9.3	10.8					811,565	390,159	0.15	48
Menstrual Pain	57,154	26,005	0.00	46	7.9	8.9					52,696	23,880	0.01	45
Pediatric	93,350	38,551	0.01	41	3.8	3.9					89,933	37,104	0.01	41
Regular Strength	616,607	263,416	0.09	43	4.3	4.4					591,186	252,314	0.10	43
Sinus	149,987	63,592	0.02	42	5.1	5.7					142,709	60,163	0.02	42
External Analgesics	130,714	38,197	0.01	29	1.4	1.9	31,970	0.02	8,890	27.8	128,909	37,485	0.01	29
Diarrhea Remedies	115,171	60,119	0.02	52	11.8	12.6	54,440	0.03	14,920	27.4	103,015	53,392	0.02	52
Hemorrhoidal Medications	171,737	49,045	0.01	29	7.0	9.1	44,500	0.02	12,010	27.0	160,472	44,919	0.02	28
Hemorrhoidal Suppositories	99,684	29,092	0.01	29	5.7	8.1					94,308	26,912	0.01	29
Hemorrhoidal Ointments	72,053	19,953	0.00	28	8.9	10.8					66,164	18,006	0.01	27
Laxatives	525,448	121,849	0.04	23	4.7	8.6	102,380	0.05	28,460	27.8	501,861	112,200	0.04	22
Eye Lotions, Washes	122,726	58,748	0.02	48	19.7	23.8	68,180	0.03	17,860	26.2	102,528	47,454	0.02	46
Contact Lens Care Products[36]	433,781	39,549	0.01	9	31.8	39.7	31,860	0.02	9,720	30.5	329,121	28,310	0.01	9
Sleeping Aids (non-Rx)	58,460	25,511	0.00	44	12.8	13.9	20,300	0.01	5,720	28.2	51,826	22,398	0.01	43
Personal Cleanliness Products	**174,449**	**37,540**	**0.01**	**22**	**10.3**	**10.9**	**29,620**	**0.01**	**9,410**	**31.8**	**158,144**	**33,822**	**0.01**	**21**
Bath Salts, Tablets, Oils, Bubble Bath	106,020	29,005	0.01	27	9.0	10.5	26,650	0.01	8,580	32.2	97,191	26,245	0.01	27
Bubble Bath	53,555	19,099	0.00	36	14.1	13.8					46,937	16,783	0.01	36
Other Salts, Oils, Tablets	52,465	9,906	0.00	19	4.4	4.7					50,254	9,462	0.00	19
Talcum & Body Powder	68,429	8,535	0.00	12	13.5	14.1	2,970	0.00	830	27.8	60,953	7,577	0.00	12
Personal Deodorants, Antiperspirants	**1,116,889**	**612,760**	**0.23**	**55**	**5.8**	**7.5**	**547,650**	**0.27**	**136,900**	**25.0**	**1,055,392**	**569,675**	**0.22**	**54**
Stick Deodorants	417,619	255,543	0.09	61	13.6	14.8					367,622	222,598	0.09	61
Roll-On Deodorants	327,876	150,231	0.05	46	2.7	4.1					319,256	144,314	0.06	45
Feminine Sprays	7,493	3,655	0.00	49	-0.1	1.3					7,500	3,608	0.00	48
Other Aerosols	363,901	203,337	0.07	56	0.8	2.1					361,013	199,155	0.08	55
Shaving Products	**1,708,261**	**575,369**	**0.21**	**34**	**2.8**	**4.0**	**455,260**	**0.22**	**112,670**	**24.7**	**1,660,118**	**553,156**	**0.22**	**33**
After Shave Lotion	302,782	94,727	0.03	31	2.3	1.8	75,380	0.04	21,710	28.8	295,975	93,052	0.04	31
Depilatories	25,667	8,634	0.00	34	4.6	6.7	6,880	0.00	2,030	29.5	24,538	8,092	0.00	33
Pre-Shave Products	26,696	10,934	0.00	41	4.6	4.8	8,710	0.00	2,630	30.2	25,522	10,433	0.00	41
Razor Blades	414,559	196,669	0.07	47	0.8	3.1	156,490	0.08	33,490	21.4	411,269†	190,756	0.07	46
Razors (Handles)	40,870	14,243	0.00	35	2.3	2.8	10,820	0.00	2,770	25.6	39,951	13,855	0.01	35
Disposable Razors	241,873	120,117	0.04	50	3.1	8.9	93,600	0.05	23,390	31.4	234,600	110,300	0.04	47
Shaving Cream	246,582	105,920	0.03	43	5.2	2.5	83,730	0.04	20,930	25.0	234,394	103,337	0.04	44
Men's Cologne	409,232	24,125	0.00	6	3.9	3.4	19,650	0.01	5,720	29.1	393,871	23,332	0.01	6
Skin Care Products	**1,619,419**	**395,800**	**0.14**	**24**	**6.4**	**7.9**	**314,600**	**0.16**	**82,780**	**26.3**	**1,521,791**	**366,633**	**0.14**	**24**
Face Cream	704,695	141,894	0.05	20	3.6	3.9	253,840	0.13	67,010	26.4	680,208	136,568	0.05	20
Face Lotions & Astringents	115,773	12,896	0.00	11	2.4	2.5					113,060	12,581	0.00	11
Hand & Body Lotions	366,667	147,020	0.05	40	11.6	12.1					328,555	131,151	0.05	40
Hand Creams	28,219	7,050	0.00	25	14.6	19.1					24,624	5,919	0.00	24
Lip Protectors	35,014	9,868	0.00	28	3.4	3.6	7,410	0.00	2,010	27.2	33,863	9,525	0.00	28
Liquid Face Cleansers	106,832	30,105	0.01	28	1.3	1.9	18,240	0.01	4,810	26.4	105,461	29,544	0.01	28
Suntan/Sunscreen Products	262,219	46,967	0.01	18	11.1	13.6	35,110	0.02	8,950	25.5	236,021	41,344	0.02	18

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34 Excludes analgesics

35 Includes antihistamines, room decongestants, inhaler tubes and other inhalers

36 Includes solutions, cleansing kits, tablets, and cases

CONSUMER EXPENDITURES STUDY
HEALTH & BEAUTY AIDS
CONTINUED

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Vitamins & Tonics[37]	1,464,369	541,535	0.20	36	8.4	10.2	443,480	0.22	141,900	32.0	1,350,894	491,220	0.19	36
Other Health & Beauty Aids[38]	2,212,428	977,144	0.36	43	-2.8	-2.3	147,000	0.07	36,750	25.0	2,336,316‡	999,206	0.39	43
Total Health & Beauty Aids (non-Rx)	27,874,565	10,313,589	3.88	37	4.3	6.4	7,974,120	3.95	2,116,370	26.5	26,701,564‡	9,684,199	3.81	36
Prescriptions	19,560,000	1,588,613	0.59	7	8.0	33.1	1,588,613	0.79	—	—	18,043,484‡	1,193,160	0.47	7
Total HBA & Prescriptions	47,434,565	11,902,202	4.48	24	6.0	9.4	9,562,733	4.74	—	—	44,745,048‡	10,877,359	4.28	24

CONSUMER EXPENDITURES STUDY
GENERAL MERCHANDISE

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total	Percentage Change from '84 to '85 Total[1]	Percentage Change from '84 to '85 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
Auto Supplies	1,969,839	372,461	0.14	19	1.5	-0.7	343,650	0.17	86,600	25.2	1,940,136	375,338	0.15	19
Antifreeze	510.933	96.785	0.03	19	8.2	9.7					472.212	88.550	0.03	19
Automobile Polish	153.740	41.424	0.01	27	5.9	10.3					145.175	37.576	0.01	26
Automotive Additives	155.361	27.997	0.01	18	2.3	4.8					151.868	26.715	0.01	18
Motor Oil	1.149.805	206.255	0.07	18	-1.8	-7.3					1.170.881	222.497	0.09	19
Electrical Appliances[39]	nd	135,960	0.05	—	—	13.7	126,050	0.06	52,940	42.0	nd	117,333	0.03	—
Flashlights & Batteries	3,335,937	518,089	0.19	16	9.6	11.1	460,030	0.23	156,410	34.0	3,043,732	465,738	0.18	15
Batteries	2.993.820	484.236	0.18	16	9.3	11.3					2.739.085	435.073	0.17	16
Flashlights	342.117	33.853	0.01	10	12.3	10.4					304.646	30.664	0.01	10
Greeting Cards	3,523,678	401,782	0.15	11	6.1	10.4	389,160	0.19	186,800	48.0	3,321,091	363,933	0.14	11
Hardware[40]	nd	206,951	0.07	—	—	12.3	200,980	0.10	85,210	42.4	nd	183,700	0.00	—
Housewares	4,373,352	889,820	0.33	20	2.8	2.4	1,380,000	0.68	552,000	40.0	4,255,883*	879,095	0.34	21
Bakeware	1.509.180	119.652	0.04	8	4.2	5.8					1.448.349	113.093	0.04	8
Barbeque Grills	554.083	3.832	0.00	1	-1.3	-0.6					561.381	3.855	0.00	1
Beverageware	435.915	66.363	0.02	15	3.4	2.8					421.581	64.555	0.03	15
Cutlery	479.748	44.826	0.01	9	0.9	1.7					475.469	44.077	0.02	9
Food Preparation Glassware	459.139	60.025	0.02	13	3.6	2.7					443.184	58.447	0.02	13
Kitchen Towels	18.504	6.258	0.00	39	2.8	4.3					18.000	6.000	0.00	34
Kitchen Utensils & Gadgets	nd	172.062	0.06	—	—	5.8					nd	162.630	0.06	—
Ornamental & Novelty Glassware	160.382	7.175	0.00	4	3.1	2.7					155.560	6.987	0.00	4
Plastic & Rubberware	nd	320.089	0.12	—	—	7.3					nd	298.312	0.11	—
Pots & Pans	627.385	61.714	0.02	10	3.7	4.6					605.000	59.000	0.02	10
Tableware	129.016	27.824	0.01	22	1.3	1.6					127.360	27.386	0.01	22
Other Housewares[41]	nd	531,000	0.19	—	—	6.1					nd‡	468,009	0.19	—
Periodicals	9,391,397	1,401,699	0.52	15	4.7	6.2	1,126,310	0.56	319,870	28.4	8,971,680	1,319,320	0.52	15
Children's Story Books	402.357	71.816	0.02	18	6.2	8.3					378.867	66.312	0.03	18
Coloring Books	195.628	24.112	0.00	12	14.1	13.7					171.453	21.207	0.01	12
Comics	105.700	30.140	0.01	29	13.0	25.2					82.576	24.077	0.01	29
Magazines[42]	2.125.932	1.074.224	0.40	51	4.3	5.4					2.038.286	1.019.188	0.40	50
Newspapers[43]	5.017.615	60.362	0.20	1	4.1	4.4					4.819.995	57.818	0.20	1
Paperback Books	1.544.165	141.045	0.05	9	4.3	7.9					1.480.503	130.718	0.05	9
Other Merchandise	3,804,858	448,112	0.16	12	3.0	6.8	346,200	0.17	149,110	43.1	3,922,271	419,740	0.16	11
Disposable Cigarette Lighters	296.684	123.450	0.04	42	4.9	7.4	99.890	0.05	39.950	40.0	282.826	114.945	0.05	41
Garden Seed Packets	116.220	61.657	0.02	53	-8.6	-7.3	55.180	0.03	26.210	47.5	127.155	63.761	0.03	50
Playing Cards	212.242	29.557	0.01	14	5.3	9.9	17.080	0.01	6.490	38.0	201.559	26.894	0.01	13
Road Salt & Ice Pellets	nd	25.618	0.00	—	—	18.6	20.750	0.01	8.500	41.0	nd	21.600	0.00	—
Sewing Notions	1.744.000	52.850	0.01	3	-12.8	5.7	43.860	0.02	19.470	44.4	2.000.000	50.000	0.01	3

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37 Total consumption excludes doctors' prescriptions and sales at equivalent retail prices to hospitals.

38 Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, OTC birth control items, home diagnostic tests, women's fragrances, etc.

39 Includes all electrical appliances other than health aid appliances. Also includes portable radios, tape players, and personal stereos.

40 Includes tools, fasteners, paint supplies (not paint), and wiring devices.

41 Includes bar accessories, microwave cookware, plastic utensils, potholders and oven mitts, etc.

42 Does not include subscription sales.

43 Includes sales from all outlets, including subscriptions and home delivery.

(add 000 to all dollar figures)	1985										1984			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro [2] to Total	Percentage Change from '84 to '85		Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Total Store	% Gro.[2] to Total
					Total[1]	Grocery[2]								
Shoe Laces	58,898	31,405	0.01	53	6.4	4.9	12,920	0.01	3,880	30.0	55,356	29,938	0.01	54
Sunglasses	1,037,422	77,087	0.02	7	11.6	12.7	59,360	0.03	30,860	52.0	929,590	68,400	0.03	7
Vacuum Bottles & Jugs	339,392	46,488	0.01	14	4.0	5.2	37,180	0.02	13,750	37.0	326,235	44,202	0.02	14
Picnic Jugs	*114,025*	*19,224*	*0.00*	*17*	*4.9*	*5.7*					*217,536*	*26,015*	*0.01*	*12*
Vacuum Bottles	*225,367*	*27,264*	*0.01*	*12*	*3.6*	*4.8*					*108,699*	*18,187*	*0.01*	*17*
Pet Accessories[44]	1,530,497	414,922	0.15	27	0.8	2.4	404,340	0.20	159,300	39.4	1,518,153	405,002	0.16	27
Bird Food	37,500	21,473	0.00	57	1.8	6.9					36,837	20,087	0.01	55
Pet Grooming Aids	62,243	13,358	0.00	21	1.7	4.3					61,203	12,807	0.01	21
Feeding Bowls	11,790	3,162	0.00	27	2.7	5.2					11,480	3,006	0.00	26
Flea Collars	237,056	160,493	0.06	68	−2.0	0.7					241,894	159,377	0.06	66
Other Pet Accessories	1,181,908	216,436	0.08	18	1.3	3.2					1,166,740	209,725	0.08	18
Photo Supplies & Processing	7,231,930	929,119	0.34	13	4.1	7.8	853,130	0.42	189,390	22.2	6,948,881*	862,149	0.33	12
Film	2,229,588	582,104	0.21	26	3.7	5.8					2,150,037	550,193	0.22	26
Processing	3,481,744	254,517	0.09	7	8.1	12.3					3,220,855	226,641	0.09	7
Flash Bulbs & Cubes	147,198	38,230	0.01	26	−17.3	−11.4					177,990	43,149	0.02	24
Still Cameras[45]	1,373,400	54,268	0.02	4	−1.9	28.7					1,400,000	42,166	0.01	3
Records & Tapes	3,817,965	267,718	0.10	7	9.1	14.6	165,450	0.08	67,830	41.0	3,500,123*	233,530	0.09	7
Records & Pre-Recorded Audio Tapes[46]	2,298,150	208,510	0.07	9	5.9	8.3					2,170,123	192,530	0.08	9
Blank Audio Cassettes	373,395	13,398	0.00	4	2.3	21.8					365,000	11,000	0.00	3
Blank Video Cassettes	1,146,420	45,810	0.01	4	18.8	52.7					965,000	30,000	0.01	3
Stationery	613,490	124,278	0.04	20	3.6	0.3	106,310	0.05	40,820	38.4	591,990	124,547	0.05	21
Looseleaf Fillers	171,769	17,144	0.00	10	3.2	2.6					166,443	16,710	0.01	10
Notebooks	104,023	16,555	0.00	16	1.2	−0.9					92,878	16,705	0.01	18
Packaged Paper, Envelopes	80,138	23,349	0.00	29	2.2	2.3					78,413	22,824	0.01	29
Writing Tablets, Pads	257,560	67,830	0.02	26	1.3	−0.7					254,255	68,308	0.03	27
Toys	10,907,715	238,047	0.08	2	13.6	12.3	188,970	0.09	71,800	38.0	9,601,862	211,974	0.06	2
Underwear & Hosiery	5,377,760	895,014	0.33	14	1.9	2.7	714,520	0.35	269,820	37.8	5,275,246	871,140	0.34	17
Men's & Boys' Underwear	nd	99,628	0.03	—	—	6.3	73,920	0.04	25,130	34.0	nd	93,723	0.04	—
Men's Hosiery	1,463,479	56,608	0.02	2	9.9	11.9	42,220	0.02	17,310	41.0	1,331,646	50,588	0.02	4
Panty Hose	3,771,925	738,778	0.27	20	−0.6	2.8	598,380	0.30	227,380	38.0	3,794,693	718,656	0.28	19
Stockings	142,356	17,078	0.00	12	−4.4	−6.1					148,908	8,173	0.00	5
Writing Implements	855,463	98,503	0.03	12	2.9	3.8	70,900	0.03	28,000	39.5	831,140	94,854	0.04	11
Ballpoint & Fountain Pens	372,550	49,187	0.01	13	2.8	3.0					362,403	47,754	0.02	13
Ballpoint Refills	56,265	5,002	0.00	9	−2.1	−2.8					57,472	5,146	0.00	9
Broad Tip Markers	79,834	5,676	0.00	7	3.6	3.1					77,060	5,505	0.00	7
Fine Line Porous Pens	238,087	29,791	0.01	13	4.7	6.7					227,399	27,920	0.01	12
Mechanical Pencils	36,295	5,463	0.00	15	−0.7	3.8					36,551	5,263	0.00	14
Woodcased Pencils	72,432	3,384	0.00	5	3.1	3.6					70,255	3,266	0.00	5
General Merchandise n.c.e.[47]	nd	783,746	0.29	—	—	nc	1,300,000	0.64	390,000	30.0	nd	900,000	0.35	—
Total General Merchandise	nd	8,657,821	3.25	—	—	4.2	8,176,000	4.05	2,805,900	34.3	nd	8,307,910	3.27	—
Total Foods, Dry Grocery, Non-Foods, HBA, GM*	—	259,914,982	97.84	—	—	nc	200,167,254	99.15	548,544,355	24.4	nd	250,222,514	98.63	—
Sales n.c.e.[48]	nd	5,712,018	2.16	—	—	nc	1,709,066	0.85	341,810	20.0	nd	3,481,486	1.37	—
GRAND TOTAL	nd	265,627,000	100.00	—	—	4.7	201,876,520	100.00	48,834,895	24.4	nd	253,704,000	100.00	—

44 Excludes pet foods and cat litter which are listed under Dry Grocery Non Food. Includes other pet accessories not listed.

45 Includes disk, cartridge, and 35mm still cameras.

46 Includes LPs, EPs, 45s, cassettes, 8-track, and disc.

47 Includes clothing not listed, clocks, watches, scales, garbage cans (metal and rubber), automotive tools & supplies, snow shovels, garden tools and supplies, etc.

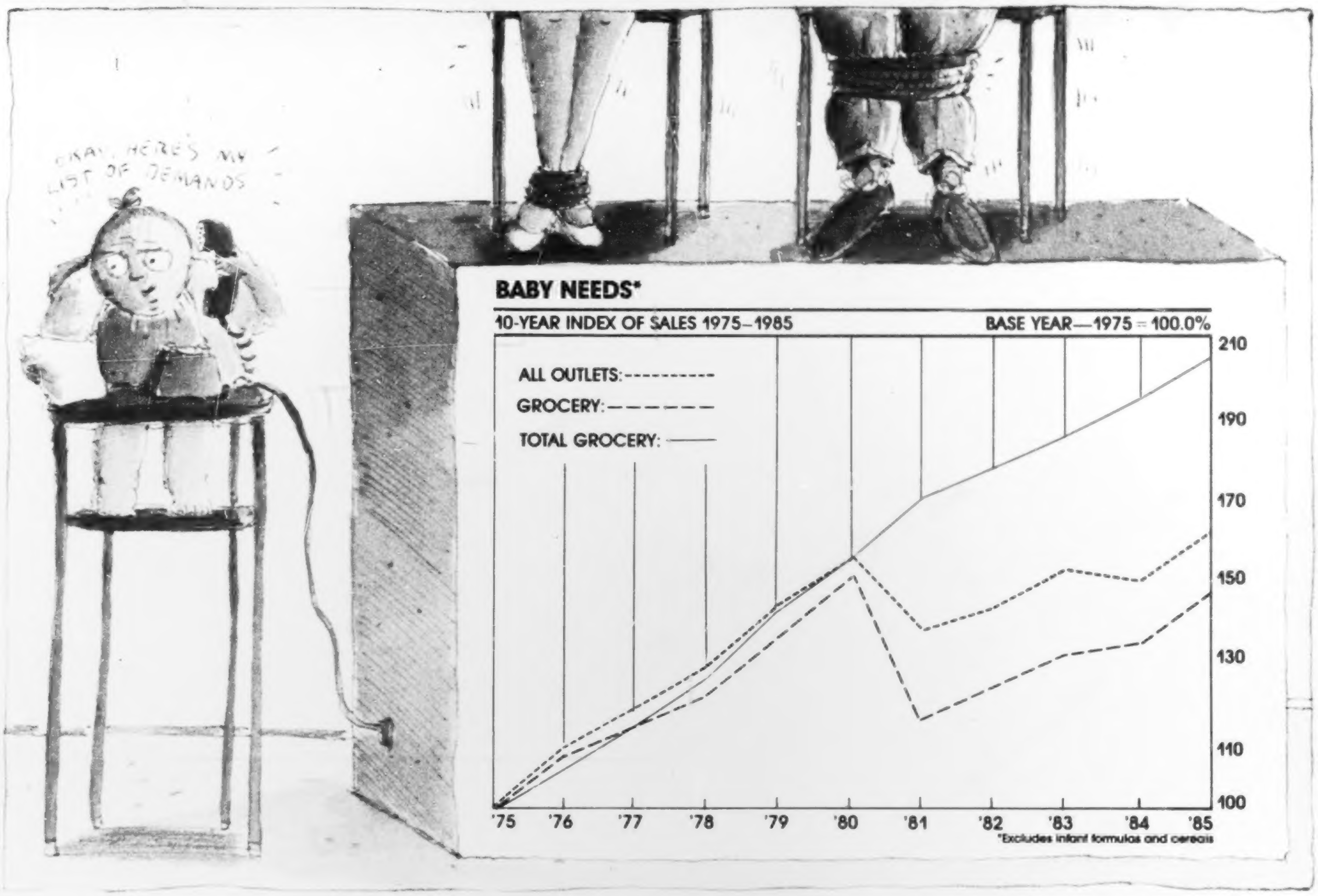
48 Includes sales of items not listed above from all store departments.

*Margin based on total excluding Prescriptions

ND—Not determined

N.C.E.—Not classified elsewhere

Nc—Not comparable



BABY NEEDS

Bigger and better battles wage in the baby foods section, as Gerber recovers from the effects of tampering threats, while Heinz and Beech-Nut take advantage of the giant's momentary vulnerability.

INTERIOR—RESTAURANT—DAY: Four people in their early thirties, two men and two women, are seated at the same table and are examining menus. One of the women looks to be about eight months pregnant. All are dressed in business attire, and are obviously on their lunch breaks. For lack of a better word, they are yuppies.

Man # 1: So, have you made a choice, yet?

Pregnant Woman: Chicken salad, I think. And mineral water.

Man # 1: Not lunch. I was talking about disposable diapers. I'm curious which ones you're going to use.

Other Woman: Huggies. It's the only way to go. Trust me on this.

Man # 2: Trust you? The person who told me to buy into that stock at three, and then I watched it drop to one. Ignore her: buy Pampers.

Man # 1: I don't know. If I had it to do all over again, I think I'd use a diaper service. Less mess.

Pregnant Woman: How about Luvs?

Other Woman: I never used them, I couldn't tell you.

Man # 1: I have some coupons for Luvs if you want them.

A waiter approaches the table.

Waiter: May I take your orders?

Other Woman: Speaking of food, forget all about the glass scare. Get Gerber. There's a reason it's been around so long.

Man # 2: I don't know. I switched to Beech-Nut. My kid likes it a lot.

Man # 1: That's funny. I switched to Heinz.

Pregnant Woman: I have a $400 food processor, and was thinking of trying to make my own, and...

The group continues chattering about baby food and diapers, and the waiter, raising his eyes to the heavens, walks away from the table.

FADE OUT.

The above scene, while fictional, is typical of actual discussions that are taking place every day between parents and parents-to-be. With 3.7 million children being born every year, the baby needs business is big business. And, more than ever, supermarkets are cashing in, because it doesn't really matter to supermarkets whether people buy Huggies or Pampers, Gerber or Heinz.

What matters is that they buy, and parents have been doing exactly that. According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), the $2 billion baby food business

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As manufacturers compete with each other, supermarkets battle for share with other outlets. Today, 44 percent of the disposable nursing items are sold in supermarkets.

BABY NEEDS

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experienced total growth of 9.3 percent during 1985, with 9.8 percent growth in grocery stores, which account for 85 percent of all baby food sales.

Infant formula had the highest growth in the baby food category, with 10.8 percent growth overall and 11.3 percent growth in grocery stores; various baby foods experienced sales hikes ranging between roughly 5 and 8 percent.

Indeed, industry experts say that in the baby section, and especially in the area of baby food, consumers are especially brand-conscious. With some 43 percent of all births occurring to first-time mothers, the stage is constantly being set for buying patterns that can last for years. And, even better, statistics show that parents spend 10 times as much on their first child as they do on their second and third. It can add up to a lot of dollars.

Heightened competition

With all that money entering the market, the baby food business is an increasingly competitive one, as Gerber Products Company, beset by tampering rumors earlier this year, starts to surrender at least some of its market share to Heinz USA (Pittsburgh, Pa.) and Beech-Nut Nutrition Corp. (Fort Washington, Pa.). Though Gerber's traditional market share, once as high as 75 percent, is not in imminent danger, people at the company's Fremont, Mich., headquarters acknowledge that there is a challenge ahead.

While reports differ on exactly how much the baby food business market share has fluctuated over the past year—Heinz, for example, insists that its market share is somewhat higher than either Gerber or Beech-Nut will give it credit for—just about everyone at the manufacturing and retailing levels agree that it has not been the best of years for Gerber.

Two years ago, Gerber had an almost overwhelming dominance of the entire category—including cereal, juices and strained foods—with a market share of 71 percent, while Beech-Nut had almost 16 percent and Heinz just 13 percent.

Early in 1986, before the glass tampering scare took place, Gerber had experienced some decline, down to 66 percent of the market, while Beech-Nut had grown to over 20 percent and Heinz to almost 14 percent. By May 1986, after several months of publicity for the alleged glass tampering incidents, Gerber was down to around 58 percent, and Beech-Nut was up to 23 and Heinz to over 15.

At present, in just the strained baby food category, Gerber has a 48.2 percent market share, down 9.6 points from its 57.8 percent market share of a year ago.

Heinz USA, which markets both bottled strained baby food and an instant variety, has a 30.5 percent market share, up from 26.1 percent a year ago; the bottled variety has a 17.3 percent share, up from 15.5, while the instant food maintains a 13.2 percent share, up from 10.6. Beech-Nut's bottled baby food has a 21.2 percent market share, up from last year's 16.2.

Clearly, Gerber has work to do to stave off further declines, much less return to its former dominance; equally clearly, both Beech-Nut and Heinz have no intention of letting such a thing happen.

Waste not, want not

If people are spending money on baby food, laws of nature require that they spend money on diapers. The 1986 CES reports that during 1985, disposable diapers were a $2.8 billion business, with 72 percent of that total—or about $2 billion—being spent in grocery stores. Total domestic consumption of disposable diapers was up 4.1 percent in 1985, with grocery store sales up 3.6 percent.

Industry experts estimate that Procter & Gamble, (Cincinnati) through both its Pampers and Luvs brands, maintains a commanding lead in terms of disposable diaper market share, a total of 54 percent. Pampers has a market share of about 31 percent, while Luvs has roughly 23 percent of the market. Kimberly-Clark Corp.'s (Neenah, Wis.) Huggies brand has a market share of almost 28 percent, more than double its 1982 market share of 12 percent, making it a strong second to Pampers but a weak second to the combined Procter & Gamble punch.

The category is hardly at rest, as participants look for innovations— the better diaper, so to speak—that will attract more consumers. Some retailers describe the category as far more price-sensitive than other baby needs products; in disposable diapers, these retailers say, low prices and available coupons often call the shots.

And, if baby food and disposable diapers are becoming ever competitive within the supermarket aisles, supermarkets themselves are proving that they can compete with specialty stores, mass merchandisers and discounters for the baby needs dollar.

Consider this: 20 percent of the bibs sold in this country last year were sold in supermarkets, as well as 30 percent of the vinyl pants, 27 percent of the pacifiers, 34 percent of the reusable nursing items and a whopping 44 percent of the disposable nursing items.

Glassy-eyed

Reports first surfaced late last winter that consumers in some areas of the country were finding bits of glass in Gerber baby food. These reports came in the wake of other tampering incidents: In the months that preceded and followed the alleged baby food tampering, products as varied as headache and cold medicines, soft drinks and instant pudding have been plagued by threats—and actual instances—of tampering.

Gerber's response was not what was expected, at least not from a company that had a nurturing image dating back decades. Gerber decided not to instigate a major recall of its products, or change package design. Rather, it went on the offensive, blaming the media for public panic and choosing to wait out the complaints in the belief that they would be proven false.

After the Food and Drug Administration (FDA) inspected more than 50,000 sealed jars of Gerber baby food, no evidence remains of third-party tampering with the product, according to Steve Poole, a spokesman for Gerber. The evidence, Poole says, indicates that the problem "was not from processing. There was one case, in shipping, where there was some case breakage of juice and the store put it out anyway even though there was glass adhering to the outside of the bottles.

"All we know is that glass was found in *open* jars, and that some of it was bottle glass, some of it was window glass, and so on. But the FDA has said that there is no evidence of third-party tampering." Poole points

BABY NEEDS

out that six people have been arrested for making false complaints about Gerber baby food, and suggests that "some, quite honestly, were trying to commit a little fraud." Investigations, however, are ongoing.

Taking the heat

Gerber took considerable heat for its refusal simply to accept the complaints at face value. Some of it was from retailers, who, in some cases, urged customers to purchase other products. (Other retailers, it should be noted, told SUPERMARKET BUSINESS that little notice had been taken of the tampering scare in their areas and that sales of Gerber remained as before.) And some of the heat came from the competition.

Jeanne Gumm, a spokesman for Beech-Nut, ridicules Gerber's handling of the incident. "Both Heinz and Beech-Nut profited from the glass problem, there's no doubt about it," she says. "We had a lot of calls, but we didn't stonewall the public like Gerber did. We talked to everybody. This is infant care, not just the baby food business, that we're in."

But Gerber remains convinced that its response was both correct and appropriate, Poole says. "There never was an injury to a child as a result of any food damaged in the manufacturing process," he stresses, and notes that it was Gerber that got most of the publicity for an industry-wide problem.

Bouncing back

Poole acknowledges that Gerber's market share dropped from 67 to a low of 53 percent during the tampering scare, but notes that it has edged back up to about 61 percent, reflecting an increase in consumer confidence and, most likely, a decrease in negative publicity.

"Our projections have been that we should be able to regain our market share (of 67 percent) by November," Poole says. "There is no doubt that some people switched to other brands during the crisis. Heinz got a little share, Beech-Nut got a little share. But we've increased our advertising and promotion budget, and are developing a number of different programs. There is increased activity on our part. There's no doubt that some consumers switched, but we're going to get them back."

One advantage: the Gerber name. "Of course, we also feel we have the superior product. People say that babies can't tell what they're eating, but mothers can, and we make our product for the mothers," Poole says. "Taste tests show that we are the preferred product."

He admits, however, that "nutritionally, we are probably all quite alike." This is an attitude shared by most pediatricians, who usually refuse to recommend one product over another.

Fighting words

At Beech-Nut, probably the most combative of the three brands, such comments about nutritional parity are scoffed at. Gumm, the company spokesman, dismisses her competition as "inferior," and says that her company has achieved its success—a 26 percent increase in

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Buying patterns established with a first child can last for years. The potential is great: 43 percent of all births currently occur to first-time mothers.

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* Source: Leading independent Audit Service: Drug/Food–12 mo. unit sales ending May/June 1986.

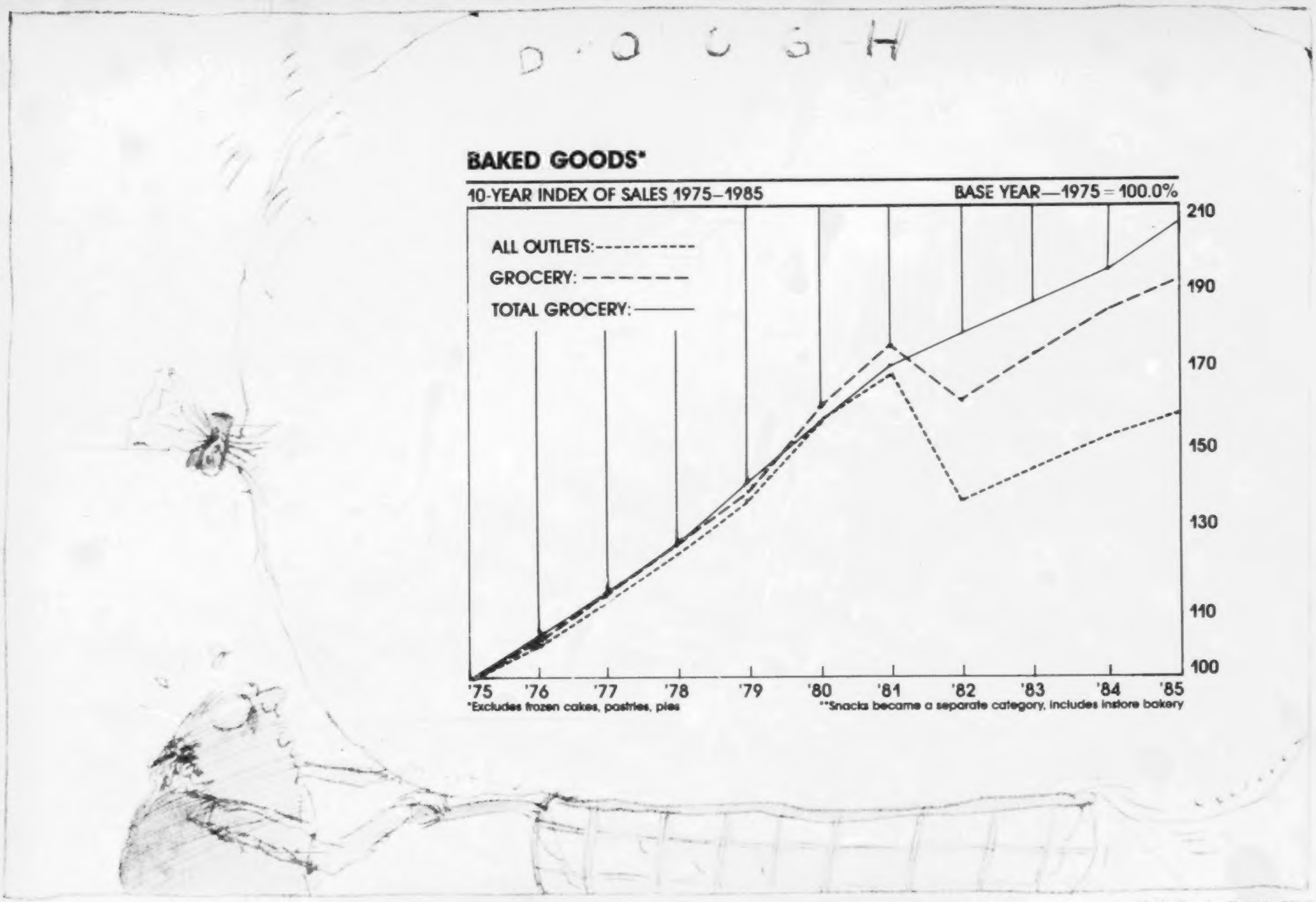

Illustration by Debbie Tilley

BAKED GOODS

Sales of packaged baked goods remained flat, as the growth of the instore bakery continued to take sales away from the category.

Sales of packaged baked goods are continuing to suffer from the great sales growth of instore bakeries, although manufacturers of packaged baked goods are responding to the onslaught with newer varieties of breads, rolls and cookies in an effort to recoup some lost ground and, at the least, stem the downward trend.

Overall, the baked goods category grew by 2.2 percent in 1985, about the same rate it did the year before. Total sales were $17.4 billion, with $10.91 billion of that coming from grocery stores. Baked goods represent 4.1 percent of total store sales.

Compare that to the growth in instore bakeries which, although, representing a smaller amount of total store sales (1.54 percent, up from 1.44 in 1984), grew by 12.6 percent last year (the same as the year before).

Breads and rolls grew by 2.1 percent in 1985, the same amount the category grew by in 1984. Its percentage of total store sales shrank slightly from the year before, from 2.35 to 2.28 percent. Manufacturers of breads and rolls say that sales overall actually grew last year, mainly because of the growth in fast-food arenas.

At the supermarket level, however, stiff competition is coming from the instore bakery, especially since many more instore bakeries offer a variety of rolls from self-service bins. But any growth in packaged rolls that has come from the supermarkets is a result of today's shopper leaning towards easy-to-prepare foods. Hamburger buns, for instance, are doing well, as are many enriched products, such as Thomas's Whole Wheat English Muffins and other "variety" rolls and buns.

Larry Smith, manager, Fuchs Bakery Co. (Miami) feels that manufacturers who specialize in variety breads will be more affected by the instore bakeries than those who have more ordinary kinds. "In Miami, there's a large Latin population," he says, "and sales for packaged white bread are very strong. It's doing very well. Up in Ft. Lauderdale and the Palm Beach area, the situation is probably closer to what you have on the national level—stronger growth in the variety bread category. We're less severely affected by instore bakeries than manufacturers of more specialized variety breads."

Variety the spice of breads

The variety breads category grew by 4.3 percent in 1985, a little off the pace of 1984, but

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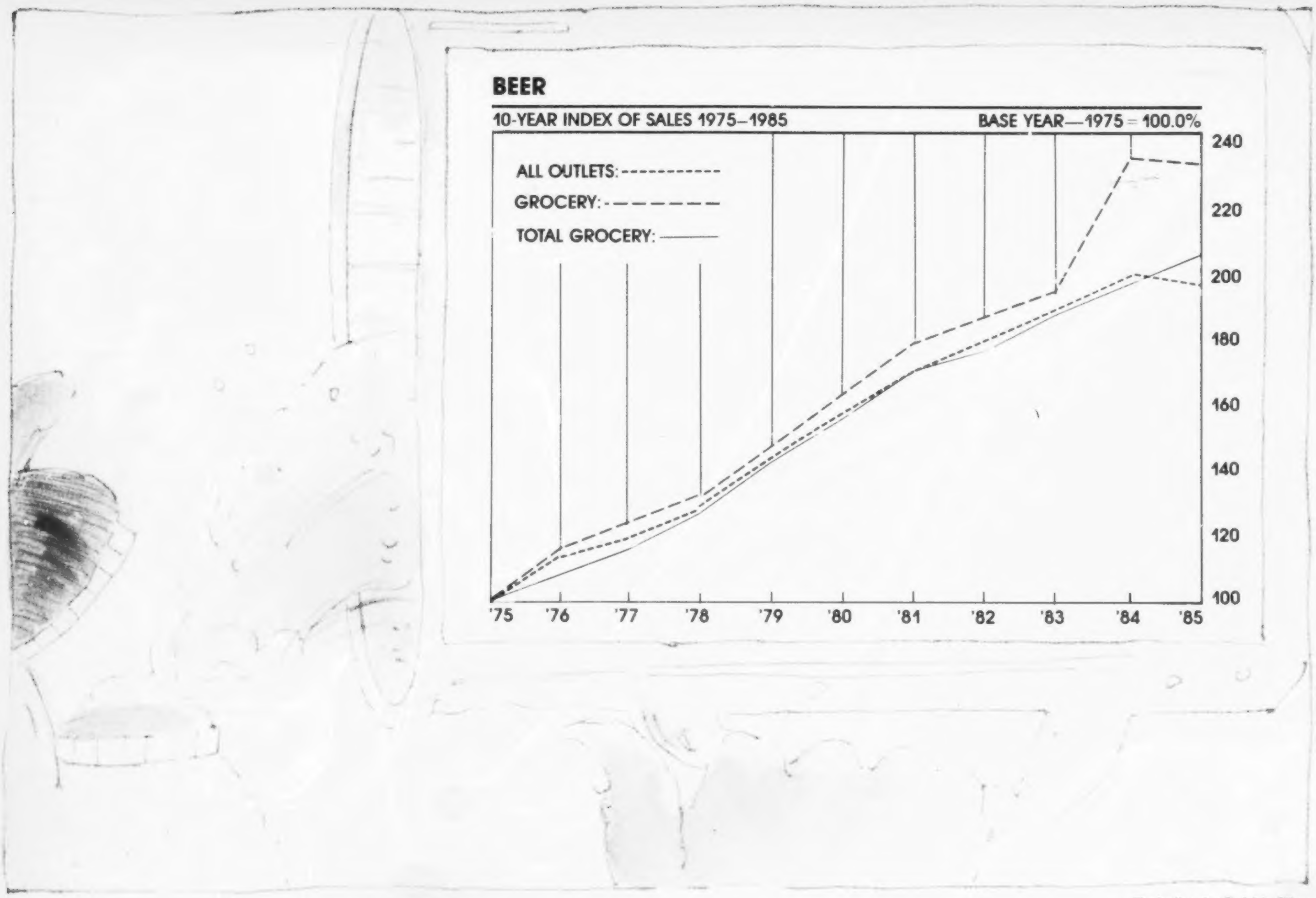

Illustration by Debbie Tilley

BEER

Domestic beers continued to experience flat sales while imports kept growing. Some observers suggest that major domestic breweries might start increasing their role in the import business.

One year ago, what was billed as a "brand new tradition in American beer" was launched: The Masters Brewing Co. A partnership of three of the oldest breweries in the world, Adolph Coors Co. (Golden, Colo.), Molson of Canada and Kaltenberg Castle of West Germany, Masters was designed to buck the trend toward imported beers by offering drinkability and patriotic fervor in an upscale brew.

Masters started its planned national roll-out in four cities, Washington, D.C., Boston, Miami and Columbus, Ohio, all chosen for the sophistication of their beer drinkers and the strength of distribution facilities used by Coors and Molson. Offices were opened in Alexandria Va., and executives with the new company even guardedly discussed future products that would be marketed under the Masters name.

At the same time Masters was setting up shop, a light but tasty imported brew named Corona was beginning to gain popularity in California. Unlike Masters' well-thought-out plans, Corona found its way to the United States when California surfers tasted it while on trips south, and then brought the distinctive, clear, long-necked bottle with a painted-on label—sort of like a cross between a Rolling Rock and Miller High Life bottle—back to the trendy beach communities where fads are often born. Barton Beers Ltd., a Chicago, Ill.-based importer, started distributing the product.

Two new beers with at least one major difference between them: Masters Brewing Co. has gone out of business, and Corona is already the number one imported beer in California, Texas, Colorado, Arizona, Kansas and Missouri. It has had cumulative sales increases of better than 1,000 percent since first being imported into this country, and has reached the point where it cannot be distributed nationally because there is simply not enough beer to satisfy the orders.

Some industry experts suggest that it will not be long before Corona becomes the number two imported beer in the country, second only to the venerable Heineken.

Lack of converts

Robert Joanis, vice president of sales and marketing for Masters, says that the failure of Masters rests in the product's inability to convert beer drinkers to regularly drinking the new product. "As far as the three partners were concerned, the investment that was necessary to make the product go national was simply too great, and they didn't see the value in it. So, Only two domestic brewers saw increased market shares during 1985: Anheuser-Busch and Coors. It was a matter of the strong getting stronger.

BEER

we're pulling the beer off the shelves. It certainly wasn't a volume failure, but we needed a certain share to permit us to go national, and we didn't get it. There were pockets of success, but there were a lot more that were not so successful."

According to Joanis, pricing of Masters often worked against the company, as supermarkets and liquor stores would run specials on premium imports that would leave Masters at one dollar or more above the price of those imports. "We were in a situation where we were trying to get trial, but we were at a price disadvantage.

"Frankly, we got very happy acceptance by distributors and retailers, but not from consumers. We did not encounter a lot of disappointed consumers, but the problem was that we didn't encounter enough consumers to begin with."

Destined to fail

One beer industry expert says that Masters was dead in the water before it even began. "If you'd made book in the industry, that certainly would be the assessment," he says. "It simply didn't make a lot of sense."

Noting that by positioning the brew as domestic, the company was facing heightened competition, the expert says, "Perhaps they wanted to fish in a bigger pond, or maybe they thought there was more upside potential as a domestic. Whatever, it didn't make a lot of sense. The growth is in imports. It is not a question of having a good product. There is only so much room on the shelf, only so many dollars out there and only so much stomach. It is impossible to force a brand on people, but that's exactly what they tried to do."

Sitting in Chicago with plenty of consumers—in fact, too many—is Michael Mazzoni, general manager of Barton Beers Ltd. Asked what he did right that Masters did wrong, he says, "I don't know. I'm not being flip, but I don't know. We're terribly oversold and that's really causing us problems, because I can't service the markets I'm in. There are markets that have been out of Corona for several weeks now."

Pressed, Mazzoni suggests that besides having a good product, he also had a bit of good fortune on his side. "I think we happened to hit that point on the taste spectrum where there was a void before this. Beers like Miller Lite were brewing the taste right out of beer, and it's no secret that companies like Budweiser and Coors were brewing their products lighter over time. Mexican beers tend to have a certain drinkability without a heavy malt or hops taste."

Sunglasses, shirts and beer

Corona's sampling came in Mexican restaurants that were becoming more popular at the same time. "That was a critical element," Mazzoni says. "People would drink it, and it was not a 'me-too' beer. People wear Jams or Vuarnet sunglasses or Polo shirts because they have a perception of who they are, and Corona is part of that."

Currently in 26 states, Corona may not make it to the East Coast until as late as Spring of 1988. In 1983, the brand sold just 800,000 cases in the United States. A year later, that figure was up to 1.7 million, in 1985 to 5.2 million cases, and this year estimates for sales are between 13 and 14 million cases. "And that's less than half the country," Mazzoni says. "I'm confident that we can be the number two imported brand nationally. I may sound cocky, but I'm really just grateful."

Viewing Corona's success in the context of Masters' failure, Joanis says, "It beats the hell out of me why Corona does so well. A phenomenon like this comes around every once in a while. Corona is good, but it is no big deal. But I'll tell you one thing. If I knew what the next one was, I'd jump right on it."

Dearth of distinction

Joanis says that Corona succeeds because it is distinctive, something Masters never attempted to achieve. "We never tried to be distinctive. We were looking for a certain American drinkability: not watery, not distinctive, but just a smooth and drinkable beer." And, now, defunct.

SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES) indicates that when looking at the beer market, Masters just guessed wrong. Beer purchased for home consumption was an $18.5 billion business in 1985, down 1 percent from 1984's total of $18.7 billion. In grocery stores, which have 70 percent or $13 billion worth of that business, sales were off slightly more, 1.2 percent.

But a look at the breakdown between imported and domestic beer proves that Corona is exactly where it ought to be if the product is to grow. Domestic beer purchased for home consumption, a $17.7 billion business, was down 1.6 percent overall, and 1.7 percent in grocery stores.

Imported beer, on the other hand, amounted to just $854.3 million in sales for off-premises consumption, but was up 14 percent over 1984, during which sales reached $749.4 billion. Grocery stores, with 70 percent of this business, saw increases of 14.6 percent in imported beer sales.

(The only category within the alcohol segment that saw stronger growth than imported beer was the alcohol cooler segment, which grew a huge 160 percent during 1985 overall, and a whopping 186 percent in grocery store sales. At this point, overall alcohol cooler sales are greater than those of imported beer, by about $4 million annually.)

Changes at home

The domestic beer market saw some significant shifts during 1985, but one thing was clear: the strongest got stronger.

Anheuser-Busch Inc. (St. Louis, Mo.) remained the top brewer in the country, with 38.2 percent of the market, up from 36 percent in 1984. Miller Brewing Co. (Milwaukee, Wis.) was second with 20.8 percent, down from 21.1 percent, while Stroh Brewing Co. (Detroit, Mich.) was third with 13.2 percent, down from 13.4 percent. G. Heileman Brewing Co. (LaCrosse, Wis.) was fourth with 9.1 percent of the market, down from 9.4 percent; Adolph Coors Co. (Golden, Colo.) was fifth and up, from 7.4 percent to 8.3 percent; and Pabst Brewing Co. (Milwaukee, Wis.) was sixth with 5 percent, down from 6.5 percent.

Anheuser-Busch's Budweiser, the number one beer in the U.S., ended the year with a 45.9 percent market share, up 3.8 percent. That company's Busch beer, ranked seventh with a 6.4 percent market share, was up 18.5 percent over 1984, while Bud Light, ninth with a 5.4 percent market share, was up 31.7 percent. Michelob was Anheuser-Busch's sole losing

Continued on page 125

Boutique beers are in fashion, but their popularity has to be kept in context. For every bottle of boutique beer sold, 100 cases of other kinds of beer are sold.

BEER

Continued from page 122

beer in the top 10, in sixth place with a 6.4 percent market share, down 1.5 percent.

Miller Brewing Co.'s Miller Lite, the second-ranked beer in the nation, continued to grow, up 3.9 percent for an 18.7 percent market share. The company's flagship brand, Miller High Life, while remaining in the third position, was down 11.7 percent to a 12.1 percent market share.

Coors, with an expansion movement bringing it into new territories and a strong advertising campaign featuring actor Mark Harmon (television's "St. Elsewhere"), was in fourth place nationally, up 1.2 percent to an 8.5 percent market share; Coors Light was up 27.7 percent to a 6 percent market share, and was in the eighth position. Finally, two Stroh products round out the list, with Old Milwaukee the fifth-ranked beer with a 7.5 percent market share, up 5.6 percent, and Stroh's tenth, at a 5 percent market share, down 5.7 percent.

Meanwhile, in the non-alcoholic segment, Heileman's Kingsbury continued to dominate the market, with White Rock Products' imported Moussy running a strong second. Moussy alone grew 27 percent last year, according to the company, with Kingsbury managing to stay ahead of it because of its much lower price at retail.

And, in the new beer cooler market, Stroh's continued to dominate with its White Mountain Cooler, which is not only the top-selling beer cooler in the country, but the fourth-best-selling cooler overall. Colorado Cooler from Coors and Heileman's La Croix Malt Cooler and Country Cooler reportedly lag behind.

Struggling flagship

Possibly of greatest concern to its mother company was the continued decline of the Miller Brewing Co.'s Miller High Life. Steven Forsyth, a spokesman for the company, concedes that the brand's loss of consumer support shows no sign of abating, though he notes that "there is some indication that the decline is slowing a bit. I wouldn't say we're at the turning point yet, but we continue to believe that it is an outstanding product and we continue to give it full support."

There is, to be sure, some hedging of bets going on at Miller, however. "There are other things we are doing," says Forsyth. "We're not just leaving one brand out there." Besides producing Miller Lite, which continues to grow at such a rate that it is the number two beer and the number one light beer nationally, the company introduced 12-ounce bottles of Miller Genuine Draft, an unpasteurized brew, in 22 states this past February, and already has expanded its distribution to the entire nation.

The company's test marketing of Plank Road, another unpasteurized draft beer, continues, and while it is performing satisfactorily, Forsyth says it is unlikely to be expanded in the near future because of the company's emphasis on Genuine Draft.

"Our research shows that of all the people who drink beer, fully half of them prefer draft beer," Forsyth says. "Genuine Draft is an appeal to all those drinkers, and is designed to lure drinkers away from other beers." Currently, Miller Genuine Draft, described by the company as a beer that "offers a stronger taste," is being distributed in 16 states in 12-ounce cans.

Going with Gettelman

And, if that is not enough, the company has started what it terms "introductory marketing"—a nicer way of saying test marketing—of Gettelman, a premium beer brewed with two different kinds of hops; currently it is available in Charlotte, N.C., Corpus Christi, Tex., Dayton, Ohio, and Sacramento, Calif. Plans for further rolling out of Gettelman have not been announced. And, according to Forsyth, the company's two price-oriented beers, Meister Brau and Milwaukee's Best, continue to build acceptance in various regional areas.

Of equal concern, at least to its parent company, is the decline of Stroh's. Wayne Jones, executive vice president of sales and marketing with the Stroh Brewing Co. (Detroit, Mich.), says the company is working hard to shore up the product. In addition to changing its advertising to "a more relevant campaign" keyed to the phrase, "Stroh's is spoken here," the company is also experimenting with new packaging promotions.

"We're looking at promotions used with other kinds of packaged goods and packaging of beer around the world, and we're starting to do things like offering a special bonus pack," Jones says. This pack comes in two forms: specially priced cases with 30 cans instead of 24, or 15 cans instead of 12.

Image problems

But, Jones says, there remain "some regional variances in the perception of the product. After all, Stroh's was originally a regionally distributed popular price brand that moved to being a nationally distributed premium brand. That's a tough trick, but we achieved it."

Nevertheless, the old stigma remains. One beer distributor in New York's Westchester County says that he has drastically cut down on the amount of Stroh's he carries because it does not carry the upscale image that local residents are looking for in their beer.

Adding to Stroh's problems is the failure of Stroh's Light to capture the imagination of light beer drinkers at a time when products such as Coors Light and Bud Light, while not challenging Miller Lite's dominance, are certainly proving that there is room in the category for other domestic brands. "We sure wish we were doing better," says Jones.

But Jones also defends Stroh's policy of not advertising its Light beer separately from its mainstream beer. "There are a lot of smart people in the world who believe that line extensions will in the long term erode the mother brand," he says. "It certainly does lead to short-term success, and I wish we were participating in that success, but it will be interesting to see what happens in the long run."

Jones suggests that much of Miller High Life's problems can be traced directly to the outstanding success of Miller Lite, and that the same thing could happen to Coors and Budweiser.

Not too worried

Coors, for what it is worth, doesn't seem concerned. In fact, the Adolph Coors Co. (Golden, Colo.) is reveling in the fact that it was the only domestic beer company in the top six other than Anheuser-Busch to show an increased market share last year. Part of that reflects its

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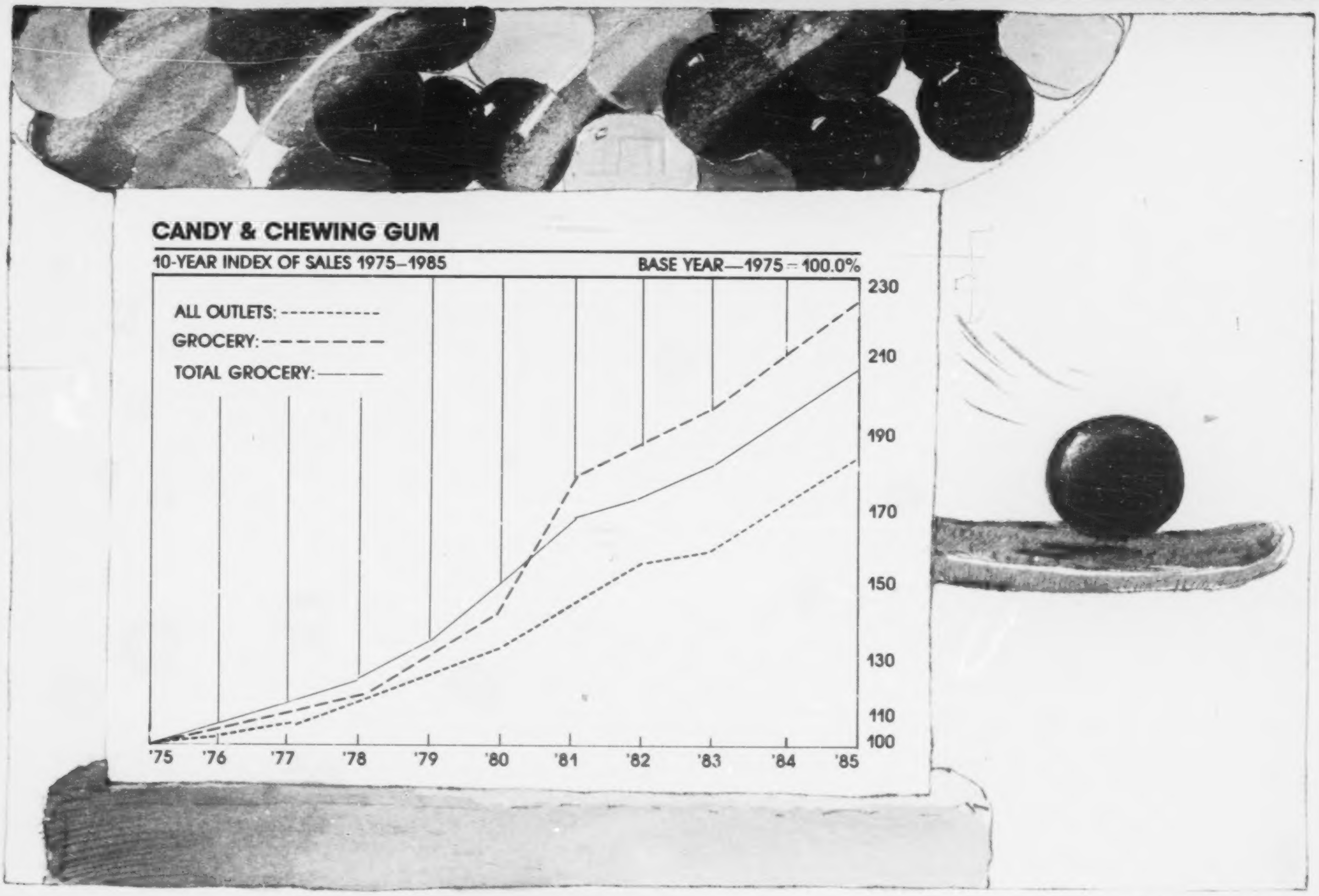

Illustration by Debbie Tilley

CANDY

Candy remains one of the more cost-effective offerings at bulk foods sections, with healthy consumer demand and minimal labor costs.

Candy is shedding its image as a junk food snack that only kids could love. Once derided as a source of "empty calories" and a major cause of obesity and tooth decay, candy is now considered by many to be a permissable—even fashionable—part of an active person's diet.

Per capita candy consumption climbed past 20 pounds in 1985, according to the McLean, Va.-based National Confectioners Association (NCA), and could rise to a projected 25 pounds as early as 1990, fueled in large measure by the changing eating habits of today's smaller families.

"Society is changing. People are changing the way they eat," says Whitney Hill, a spokesman for M&M/Mars (Hackettstown, N.J.). "'Grazing' has become a popular word to describe it. People are eating four or five small meals a day, rather than three big meals. The lifestyle changes that are bringing these new eating habits about—dual-career families, and so on—will continue through to the end of the century."

Sweet permissiveness

People are not only snacking on candy more frequently, they're feeling less guilty about it. M&M/Mars, the industry leader with a little more than a third of the total market, can take at least some credit for this fundamental shift in consumer psychology.

"M&M/Mars's sponsorship of the 1984 Summer Olympics was a turning point," Hill says. For $5 million, Snickers and M&M Chocolate Candies became "the official snack food" of the games. "It helped position candy as a permissive snack," Hill says.

Television advertisements for Snickers, the nation's leading candy product, also promote guilt-free candy consumption. The teens and adults in the "Snickers Satisfies You" spots, hard at work and play, reward themselves during a well-earned break by biting into a Snickers bar.

"Our purpose is to help give candy the image it deserves," Hill says. "It's a good snack item, and that's exactly how we want to position it—as a good snack food."

Like M&M/Mars, the NCA is hoping to position candy as an acceptable reward for active lifestyles. Its most recent effort, a 10-city media tour featuring Bob Mathias, the two-time Olympic decathlon gold medal champion, reached a combined audience of 6 million.

Whether or not people are buying the idea of candy as a highly nutritious snack, they

Continued on next page

Confectioners are upgrading their candy products and promoting them as guilt-free snacks for teens and adults. And "adult" candies are helping supermarket sales outpace the growth of the category as a whole.

CANDY

are buying a little more candy. According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), 1985 sales for the candy category edged upward toward the $9 billion mark with slow, steamroller growth.

More significant for supermarket retailers, perhaps, is the shifting age bracket of the average consumer. With more adults giving in to requests from the kids, and adding their own favorites to the cart, supermarket sales are growing at a faster rate (3.7 percent) than the category as a whole (3.4 percent).

Older eaters

Manufacturers, of course, don't place the welfare of supermarkets at the top of their priority lists when they're deciding how to improve their sales. And very few retailers consider the candy department to be a higher priority than their fresh perishables and service departments. But both confectioners and grocers benefit when candy products are targeted toward more mature tastes.

"The population is getting older," says Mike Kaski, product manager for Nestle's (White Plains, N.Y.) Alpine White with Almonds. "We recognized this trend back around 1982-1983, and started working on a product that would appeal to adults. We came up with Alpine White with Almonds—a bar with a European taste; a fine adult-oriented chocolate."

Since its launch in 1984, the bar has rocketed in sales, growing 74 percent between the first quarter of 1985 and 1986. And the success of the bar has been particularly favorable to grocers. Supermarket sales make up close to 50 percent of Alpine White's volume, according to Kaski. Last year's growth in supermarket revenues from all chocolate bars, by contrast, made up about a third—$24 million of $71 million—of chocolate bar growth.

And Nestle's new pack sizes increase potential for supermarket growth. A high percentage (64 percent) of last year's Alpine White revenues was generated with single bar sales. As Nestle expands with trays, king-size bars and other pack sizes, supermarket share will continue to grow.

With the combined strength of Alpine White, new Chunky, Nestle Crunch and major repackaging for Raisinets, Goobers and other products, Nestle's 1985 sales growth outpaced the category as a whole. The company says its total sales grew 23.2 percent in 1985, compared to 6.7 category growth. (The latter figure differs from SUPERMARKET BUSINESS's assessment of chocolate bar growth—a flat but large-volume 2.8 percent).

Nestle says it will continue on the upswing this year, bolstered by 75 percent more media dollars and twice the promotional budget. But it seems unlikely that Nestle, with an estimated 6.4 percent of the candy bar market, will be able to topple M&M/Mars (36 percent) and Hershey (35 percent) from market leadership.

Hershey and M&M/Mars have also been probing base-broadening opportunities at the upscale end of the adult market. Hershey (Hershey, Pa.), which introduced its adult-oriented Golden line in 1980, has since expanded with Golden Almond, Golden Pecan, downsized Solitaire Goldens, and is testing a buttercrunch/toasted coconut/almond bar called Golden Three. The company is also testing A.B. Marabou, a Swedish upscale treat, and Symphony, a cream milk chocolate bar with almonds or toffee chips.

M&M/Mars, meanwhile, has been testing its Royals candy-coated chocolates in Atlanta and Washington, D.C. The coated chocolate pieces, selling at $2.49 for an eight-ounce bag, come in four flavors: Irish cream, mint, cherry chocolate and almond. The company is also test-marketing Fanfare, a "Viennese hazel nut mousse in a delicate crisp covered in luscious European chocolate," according to spokesman Whitney Hill.

Bigger bars

Along with their efforts to lure adults from the upper reaches of the market with mouth-watering quality, Hershey and M&M/Mars are trying to build per-bar revenues with mouth-stuffing quantity.

M&M/Mars says its Snickers King Size and M&M's King Size in Plain and Peanut lead the larger single bar category, adding that sales of its King Size products have doubled in 18 months. Part of this success comes from the company's supplementary checkstand racks for King Size products. The racks allow three King Size boxes to hang on the side or perch above the regular sized candy fixture, increasing King Size sales by as much as 78 percent.

Hershey, beaten to the king size punch, is striking back this year with 10 to 14 percent weight increases and 3-cent-per-bar wholesale price hikes (from an average 22.75 cents to 26 cents per unit) on its Milk Chocolate, Almond, Krackel, Mr. Goodbar, Rolo, Skor, Reeses, Kit Kat, Whatchamacallit and Kisses pack products.

Bagging it

One effective way to get customers to try new candies on impulse is to offer them in bulk. E.J. Brach & Sons (Chicago) first introduced its Pic-a-Mix assortments of individually wrapped candies in the 1950s. The compact bulk centers now do about 20 percent of the company's total volume.

"People can decide for themselves how much and what types of candy they buy, instead of just buying one type in a one-pound, two-pound or half-pound bag," says Bob Hecklau, senior vice president, marketing.

But while profits can be made, the concept of bulk food merchandising has lost some of its sparkle. Many of the grocers who installed barrels and heralded a new dawn of retailing a few years ago are now stuck with an overabundance of the space-gobbling, labor-intensive departments.

Still, loose candy is a strong bulk performer, and it's less labor-intensive than most of the other barrel and bucket fillers. Many retailers have been getting rid of slow-moving, hard-to-handle products, especially wet bulk items, expanding instead with individually packaged candies and snacks. And as they trim margins to encourage movement, total bulk candy volume continues to grow.

Consider the statistics: sales of all bar candies in supermarkets brought in about $23 million more in 1985 than they did in 1984. Packaged supermarket chocolate earned $13 million more. Sales of supermarket bulk candy, by contrast, brought in $55 million more in 1985 than in 1984—by far the

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Manufacturers are broadening their consumer base by targeting their products to older consumers and emphasizing candy's role as an acceptable treat or reward after hard work and play.

CANDY

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biggest contribution to growth in the supermarket candy section.

Increased volume, unfortunately, doesn't always indicate cushy profits. William Bell, executive vice president, store operations and produce buyer for Great Scott Food Markets (Canton, Mass.) is trying to generate traffic at the chain's lagging bulk departments by loading them with budget candy.

"Bulk foods in general is declining, except for the low-margin candy," Bell says. "Over the last three years, our total bulk foods losses have added up to a 50 percent decline. We offer candy at a marginal gross, as an extra item in the produce section. That's the only way to get the high velocity turnover we're looking for."

The double whammy of slim margins and high labor costs has disillusioned many hopeful grocers. But the bulk foods concept isn't dead, and recent innovations may help it regain some of its lost volume. One of the most promising new ideas, disposable bulk containers, comes from Harmony Snacks (Santa Cruz, Calif.), a leading bulk snacks manufacturer.

"What we've done is make bulk foods as simple as a packaged product," says Harmony's chief operating officer, Ken Welborn. "You use it up, throw it away, and just load another cartridge back onto the shelf."

Gum is down, Gummy's up

One of the few segments of the candy category losing volume and sales nationally is chewing gum. Overall gum sales slid $41 million in 1985, mostly because of the 8.1 percent, $34 million deflation in bubble gum sales. A $5.9 million slump in packaged hard candy sales also contributed to the 2.4 percent decline in the nonchocolate category as a whole.

At supermarkets, the nonchocolate picture looked a bit brighter. The overall slump was limited to 0.6 percent, with chewing gum and hard candy losses blunted by explosive growth in a gummy menagerie—bears, worms, fish, space creatures and other chewable life-forms. Sales have been rising steadily in recent years, and last year gummy products took the country by storm. (Evidence of the Americanization of "gummi" imports is the tendency of domestic manufacturers to drop the "i" and add a "y" instead.)

"When we first got into the market, in 1982, total U.S. consumption of gummy products was about 15 million pounds," says David Brock, product manager at Brock Candies (Chattanooga, Tenn.). "Right now, it's at 100 million pounds. And we think it could reach 250 million pounds by 1990—an average of about one pound per person. The average European eats much more than that," Brock says.

Within three years of their introduction, gummy products took the top three spots in the company's 300-item bag line. And the chewables still reign at the top of the pegboard pyramid.

The rows of cellophane bags on racks create a nonservice, prepackaged, nonperishable impression, the sort of image retailers are trying to escape. As a result, many retailers focus their promotional energy on fresh perishables and gleaming service departments, and the candy section slips into low gear.

"It's been a dead category for a while here," says Rudy Becht, vice president of sales and merchandising for the 52-store King Kullen chain (Westbury, N.Y.). "We could revive some interest by running more promotions, but we're not planning to do any at this time. Not when interest in the other departments is running so high."

Becht attributes some of the flat growth to a shifting consumer preference toward natural snack mixes. Robert Kaufelt, president of Kaufelt's Fancy Groceries (Summit, N.J.), sees the opposite happening—more hands passing over the yogurt-covered fruit and dipping into jelly beans and gummy bears at the compact (5-by-10 foot) bulk section of his diminuitive (9,000-square-foot) store. "Any type of chewy candy seems to be doing well," Kaufelt says.

He also challenges the notion that affluent, educated shoppers won't stray from the fresh perishables into the candy section. His store gets its share of affluent, well-educated shoppers, and the integrated mix of specialty and everyday candy varieties do very well, with Lindt bars rubbing elbows with Snickers and other varieties. Kaufelt adds that he plans to expand the candy section this fall.

"I would never underestimate the American appetite for candy, even if it's less than that in Europe. It's up there," Kaufelt says. "If you went to the Fancy Food Show in New York, you know how important candy is to specialty foods. Every other booth seemed to be devoted to fine chocolates and gummi products. There's also a whole influx of American products competing with the ones imported from Europe."

If the growth in gummy products doesn't serve as evidence of the untapped potential interest among Americans in candy, consider the growth of another product—Cadbury's Creme Egg. The product, launched by Saatchi & Saatchi's famous "clucking bunny" ad in 1980, has emerged as the most successful seasonal product ever created.

Now, after five years of double-digit growth, the brand's expansion is tapering off to the single digits. But Cadbury is still beset by a problem its seasonal confectionery-making rivals only dream of—how to get retailers to stock enough of the product to last through the holidays.

Neil Hart, director of marketing for Cadbury brands (Stamford, Conn.), says that, once again, the company's growth strategy will be to convince retailers to stock enough so that they don't run out early.

Seasonal profits

Hart says Cadbury's seasonal promotions—Creme Eggs and candy coated Mini Eggs for Easter, seasonally wrapped York Peppermint Patties for Christmas, and regular Cadbury confections positioned on Halloween point-of-purchase (POP) displays, comprise about 25 percent of the company's total business. The best strategy, he says, is to start early.

A spokesman for the Seattle division of Associated Grocers says that the retailers he supplies are making 15 to 18 percent of their annual candy department sales with seasonal promotions. The division supplies some 350 stores in Washington, Oregon and Alaska.

Candy sales reach their peak, not so surprisingly, in the few weeks before Halloween,

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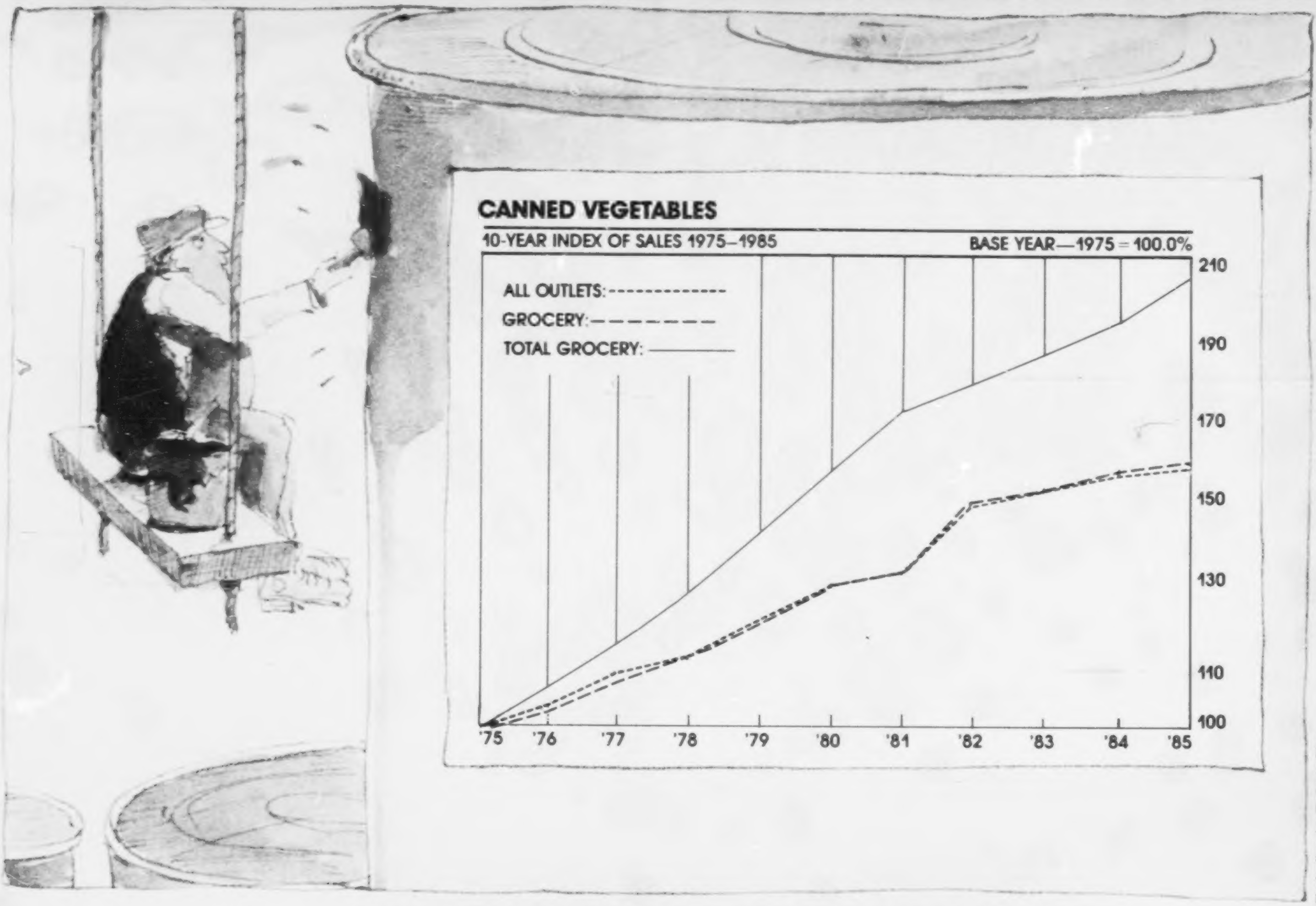

Illustration by Debbie Tilley

CANNED GOODS

As canned fruit, vegetables, juices and meats continue to lose share to their fresh counterparts, manufacturers are seeking ways to reverse the trend.

You'd think that the merchandising appeal of that overused word, "fresh," would have gone stale by now. It hasn't. Manufacturers are using it in their advertisements and promotional materials. Retailers are using it in their perishables sections and service departments. Everywhere you can see the word—Fresh! And it still has the power to blow products out the door.

Not so with the underused word, "canned." Few retailers have found it to their advantage to scrawl "Canned!" in neon above their canned goods displays. The word has a cold, institutional ring to it—canned stringbeans and canned meat with canned fruit cocktail on the side—it just doesn't sound as appetizing.

But canned goods sales keep rolling along every year in every supermarket in the country, and do a big part of their business. Total sales volume from canned goods in 1985 was $17.3 billion, according to SUPERMARKET BUSINESS's 1986 Consumer Expenditures Study (CES), making up 8.5 percent of the average store's total. And while the percent increase in sales volume from the previous year seems pretty flat, it helped net supermarkets a $446 million increase in sales.

"Everyone's pushing fresh these days," says Donald Goerke, marketing director for the Campbell Soup Co. (Camden, N.J.). "That's the hot button—fresh. 'We got it fresh—we're fresher, the freshest.' But we wouldn't be able to sell billions and billions of cans if the average consumer's image of cans was overly negative."

Goerke has reason to stick up for the maligned can. Canned soup increased in volume by 7.8 percent in supermarkets last year, according to SUPERMARKET BUSINESS's CES, generating an additional $120 million at the cash registers. And while Campbell has been aggressively introducing dried soups, chilled soups in glass, frozen microwavable soups, soups in plastic cans and soups in aseptic packaging, it hasn't neglected new technologies improving the effectiveness of that old standby, the can.

"Our new creamy Gold Label condensed soups, introduced in test markets on the West Coast in January 1985 went national in September," Goerke says. "It's an upscale product line. It's been very successful, and it still has a lot of potential. Our Home Cookin' line," he adds, "distributed to 40 percent of the market since January 1986, just went national in July. We've been getting excellent sales results from it, especially with repeat purchases."

"When we were planning the Home Cookin' line, all the 'smart talk' was about putting the product in glass jars," Goerke says. "If we did, we'd have to face up to the price differential, and so would the consumer. The whole idea of the Home Cookin' soups is to come up with a canned soup that tastes homemade—I know that's a cliche, that's a claim made by everyone. But we mean it."

Campbell isn't alone in its aggressive promotion of canned soup. Progresso, the Rochelle Park, N.J.-based soup maker, launched a national rollout of its 20-flavor line in mid-1985, beating Campbell to the few precious inches of shelf space that might have been available.

The company, known on the East Coast for its Italian-style soups, went national with chicken minestrone, tomato, green split pea, minestrone, chicken rice, lentil, ham & bean beef minestrone, chicken noodle and other mainstream soup varieties. And the early jump for the national distribution paid off—when Campbell challenged Lipton's dominance in the dry soup arena, the Englewood, N.J., dry soup giant responded in kind, with the five-flavor, upscale line of Lipton International Classics, and a heavier, chunky dried soup line called Hearty Soups.

Tight shelf space

Needless to say, things have gotten a bit cozy on the average American soup shelf—so tight, in fact, that Campbell's has shifted the primary focus of its sales strategy from the products it sells to the retail space allotted to the soup category in general.

"Our sales force is on a mission this year to increase the shelf space devoted to soup," Goerke says. "The category has grown substantially, and retailers are shoving more and more items into a given amount of category space. It's not adequate for all the new introductions and expansions. We're trying to get retailers to expand their soup sections with a minimum of four feet of gondola space."

"Three out of 10 of our red and white label soups are used primarily as cooking ingredients," Goerke says, noting that sales for regular tomato soup have declined with the sauce war between Campbell's Prego and Chesebrough-Pond's (Greenwich, Conn.) Ragu. "We're hoping to rekindle interest with Zesty Tomato."

The quick fix

Canned soup turned out the liveliest performance of any category in the canned food section, and with the massive size of the soup category, it contributed more to the percent growth of the category as a whole than any other canned food subcategory.

Canned prepared foods weren't far behind, however, with a six percent sales increase, generating $83 million more for supermarkets in 1985 than it did the year earlier, according to SUPERMARKET BUSINESS's 1986 CES.

"We definitely see a pattern toward greater movement in the Mexican and Oriental area," says Bernard Beary, grocery buyer for Hy-Vee Stores Inc. (Chariton, Iowa). "There's a feeling of, 'Let's try something different,' and it's improving sales."

"People are getting more adventurous," says Bob Gouwens, vice president of marketing for La Preferida Inc. (Chicago), a regional manufacturer of prepared Mexican foods for the Los Angeles, Miami and New York markets. "They're beyond the taco shell. They're into the tortilla."

"I believe our cooks of the future—18-, 19-, 22-year-old girls, are looking for a quick fix," Hy-Vee's Beary says. "And this quick-fix pattern is leading to a greater demand for Mexican and Oriental food."

Red meat blues

A quick look at SUPERMARKET BUSINESS's 1986 CES figures for canned red meat shows flat and declining sales for most of the category items. Beef hash and meat spreads are flat, and corned beef (down 3.5 percent), ham (down 2.7 percent), lunch meat (down 3.6 percent), sausages and frankfurters (down 2.6 percent) and "other" canned meats (down 3.2 percent) all suffered significant declines, dragging 1985 sales for the canned meat category to a $31 million, 2 percent loss from 1984 dollar volume.

The shining exception to the general trend was canned poultry, up 7.8 percent in supermarket sales, outpacing canned Oriental food sales increases (up 6.8 percent). But even poultry was outpaced by canned Mexican food growth, at 12.8 percent.

"Our canned poultry isn't showing a dramatic increase the way Mexican and Oriental is," Hy-Vee's Beary says. "It is increasingly, however, used for chicken salads, and so on. It's the getting away from the red meat again—and getting toward the quick fix."

A future in plastic

The Geo. A Hormel & Co. (Austin, Minn.) is seeing demand for its one Mexican product and its chili outpace demand for its luncheon meat, despite the company's efforts to reawaken America's awareness in its Spam product.

"We have a tamale product that fits into the Mexican category," says Jerry Figenskau, Hormel's director of marketing. "That product and our chili business are doing very well, and we're seeing continued support for our stews and hash. The lunch meat category, though, has seen a slight decline. We're hoping to change that by introducing a reduced-salt Spam."

Perhaps the most noticeable change Hormel is making to its product lineup comes from without—the plastic 7.5-ounce "Q-Pak" cans used for three flavors of Dinty Moore products and 10 Hormel meat-based items, introduced nationally last year.

"I think things are definitely evolving from the can to the plastic containers, as long as the container can handle the retorting and still deliver a quality product." Hormel, he adds, processes its products at lower cooking temperatures for a shorter period of time than it would for more conventional cans.

On the food front, Hormel is buttressing its meat-oriented product line with its new Country Salad line of four vegetable-based items: a three bean salad, a four bean salad, a garden salad and a German Potato salad, introduced this Spring in limited markets.

Figenskau says the response so far "seems to be very good. They're also packaged in the Q-Paks with the E-Z-open lid. They're a little high-priced, though, partially because of the container."

Packaging concepts

Campbell Soup Co. has been pushing toward the

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Manufacturers aren't ignoring the traditional can as they branch off with market tests for aseptic, plastic and refrigerated glass packaging.

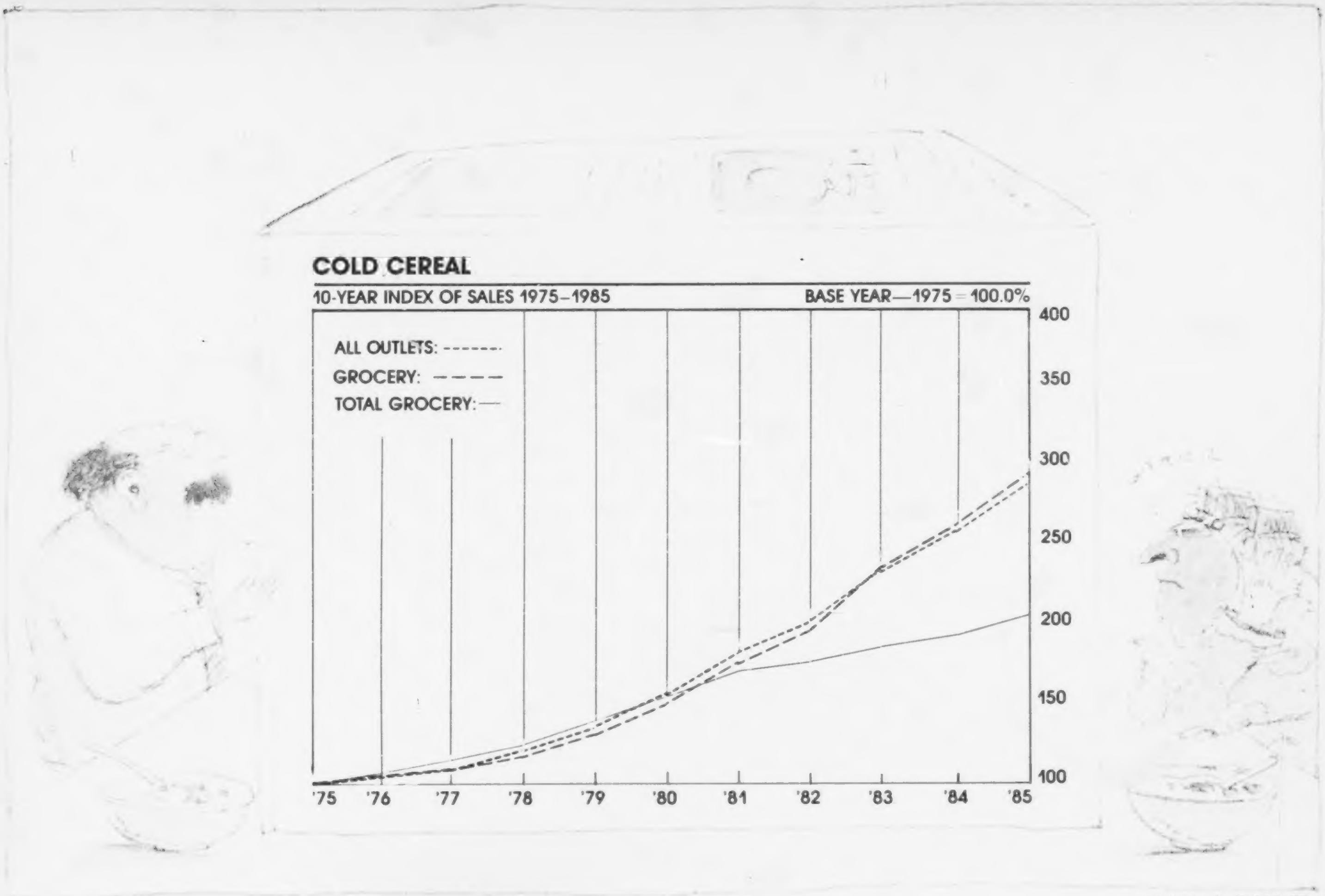

Illustration by Debbie Tilley

CEREAL

As cereal brands proliferate, especially in the increasingly competitive adult segment of the business, the overall market expands dramatically. But the balance of power within the category is stagnant.

Tom Hornacek stands in the cereal aisle of his Pinny Food Center in Pinconning, Mich. The massive number of boxes in different sizes and colors boggles the mind; there are almost too many to choose from, too many to make sense of. There are the old standbys, like Wheaties and Cheerios and Corn Flakes, but there are also dozens of products named after characters one would have to spend an ungodly amount of time watching television to recognize. And Tom Hornacek shakes his head.

"The cereal industry has gotten to the point where it is not just coming out with one item and staying with it," he says. "All these companies have said, okay, we're going to be like Nabisco with snack crackers. We're going to come out with a cereal and expect it to last only maybe a year, then we'll trash it and go on to another one.

"It used to be that you always knew what was going to be in the cereal aisle," Hornacek says. "Now, half the stuff is not that way. There is a certain segment that is going to keep changing, like the Hulk Hogan cereal or Ghostbusters."

Hundreds of miles south, in Huntington, W.Va., Jim Organ stands in the cereal aisle of the newest Mr. Moneysworth Foods, open just 24 hours. It looks like a bomb has gone off, a special bomb that only eradicates cereal boxes from the face of the earth. The section is, in a word, decimated.

And Jim Organ is smiling as he notes that in addition to new children's cereals helping the category, cereals oriented to adult tastes are doing equally well. "Adults are taking a lot more interest in it," he says, "and there are a lot more people eating it now than there used to be."

Whether it be the result of catering to the changing whims of the nation's children or the health mentality of its adults, the cereal business experienced a lot of snap, crackle and pop during 1985 and, according to experts, there is no end in sight.

SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES) reports that while breakfast foods as a whole saw strong growth during 1985—up 9.9 percent overall, and 10.7 percent in supermarkets—cold cereals actually outpaced those figures. The $4.3 billion cold cereal business expanded by 10.8 percent during 1985, up from 1984's total domestic consumption figure of $3.9 billion.

In the nation's grocery stores, which accounted for 97 percent of U.S. cereal sales, business was up 11.6 percent, to $4.2 billion from 1984's $3.8 billion. It remains an important

Cereal eaters used to be those age 15 and younger and 55 and older; these days, the people in between those demographic groups are the prime and willing targets of cereal advertising.

CEREAL

category for supermarkets, representing 1.58 percent of all grocery business, up from the previous year's 1.49 percent of grocery sales.

(Hot cereals also came in for their share of growth. Of the $455 million hot cereal business, roughly 90 percent, or $409 million, was done in grocery stores. Overall, that represented a 6.6 percent rate of growth; in grocery stores, business was up 7.2 percent.)

Safe and secure

While supermarkets can feel secure that both the cereal business and their share of it are growing, the wrangling on the manufacturer side continues. Kellogg Co. (Battle Creek, Mich.) remains the industry leader with a 41.5 percent share of the market, reflecting a slight drop from last year's Kellogg market share of 42 percent.

The cereal company that appears to be increasing market share at the present time is Minneapolis-based General Mills, whose share of the cereal market grew from 20 percent last year to about 23 percent.

The Breakfast Foods Division of General Foods (White Plains, N.Y.), which manufactures the Post line of cereals, experienced a precipitous drop from a 19 percent share to a 14.5 percent share during the past year, while Quaker Oats Co. (Chicago, Ill.) saw its share decline slightly, from 8 percent last year to about 7 percent this year. Ralston-Purina Co. (St. Louis, Mo.) and Nabisco Brands (Parsippany, N.J.) each managed to hold steady with market shares of 7 percent and 6 percent, respectively.

(The hot cereal business is not quite so competitive: Quaker Oats dominates with well over 50 percent of the market, with Ralston Purina and Nabisco way back.)

Leonard Teitelbaum and Bill McGuire, analysts with Merrill Lynch, the Manhattan brokerage firm, attribute the General Mills market share increase to the fact that General Mills was more aggressive than the others in recent months. "General Mills has really made a push on the family-oriented cereals and away from the kids' cereals," says McGuire. "Kellogg's, for that matter, has also emphasized healthful cereals."

The trend toward bringing out cereals identified with popular characters that may not have lasting appeal is acknowledged by Teitelbaum. "I do think that most of the cereals brought out now are in for the long pull," he says, "but I don't think the cereal companies are naïve. You don't always end up with a Cheerios or a Corn Flakes. There are so many choices, not everyone can maintain a market share of 1 or 2 percent, which is what you have to have to succeed."

Teitelbaum says that the recent successes of the cereal companies can be ascribed to their ability to change people's eating habits. "What cereal companies have always wanted to do is spread out the occasion of eating their products," he says, and the increase in numbers of working mothers has helped to do just that.

He also says, "Traditionally, people age 15 and under and 55 and older have been the two big consuming ends of the cereal spectrum, but now cereal companies are trying to add that middle group. The products are directed toward that group, and they are trying to give them products that will fit into their lives."

Indications are that the lives that Kellogg Co. is most interested in now are those of adults, as the five new products introduced by the company during the past year fall into the adult or all-family category.

Marie T. Kitlas, a spokesman for the company, while declining to discuss strategy or positioning, says that the new product introductions were: All Bran with Extra Fiber, which went from test market to a national roll-out; Just Right, in an all-grain variety featuring whole wheat, corn, rice and oats; Just Right with raisins, dates and nuts; All Bran with Fruit and Almonds, and Nutri-Grain Almond and Raisin cereal.

This fall, Kellogg will be introducing yet another all-family cereal, Apple Cinnamon Squares, a line extension of the Cinnamon Squares brand, in selected markets in the West and North Central states.

Presweetened cereals ignored

Kitlas says that Kellogg has pretty much ignored the children's presweetened category during the past year, except for the withdrawal of C3PO cereal, which was based on the robot character from the "Star Wars" films; the company also withdrew an all-family cereal, Apple Frosted Mini-Wheats, from the market.

Noting that Kellogg currently is not licensing outside characters for use in promoting its cereals, Kitlas says that this policy is not necessarily written in stone. "We are always looking for some character that can help us identify and promote our cereals," she says. "It just so happens that we have had more success so far with unlicensed characters that we have created ourselves, like Tony the Tiger (for its Frosted Flakes cereal)."

E.T. goes home

General Mills, while it has been most successful during the past year in going after Kellogg's dominance—though it still has a long way to go—is circumspect in discussing its efforts. Katherine Newton, a spokesman for the company, notes that two children's cereals, both of them based on outside licenses, are "going away" after notable lack of success: Strawberry Shortcake cereal, and E.T. cereal. General Mills still markets one licensed cereal, she says, Pac-Man, which "still exists and continues to do well."

Three products were introduced during the past year by General Mills, and, contrary to the pattern set by Kellogg, two of them—Rocky Road and Circus Fun—are presweetened children's cereals. The third is Raisin Nut Bran, an all-family cereal.

"Our concept is simple," she says. "We want to develop quality products that people will want to buy, and not just something that will have a big splash and then fade out after a year." And that said, Newton says she cannot comment further on General Mills' plans or strategy.

While Kellogg's dominance comes under seige by General Mills, companies such as Ralston-Purina struggle to maintain their shares of the market. Although Ralston-Purina remained at 7 percent over the past year, it was not for lack of activity; the year has seen a flurry of product introductions—and deletions.

G.I. Joe bites the dust

Two of Ralston-Purina's children's cereals, G.I. Joe Action Stars and Cabbage Patch

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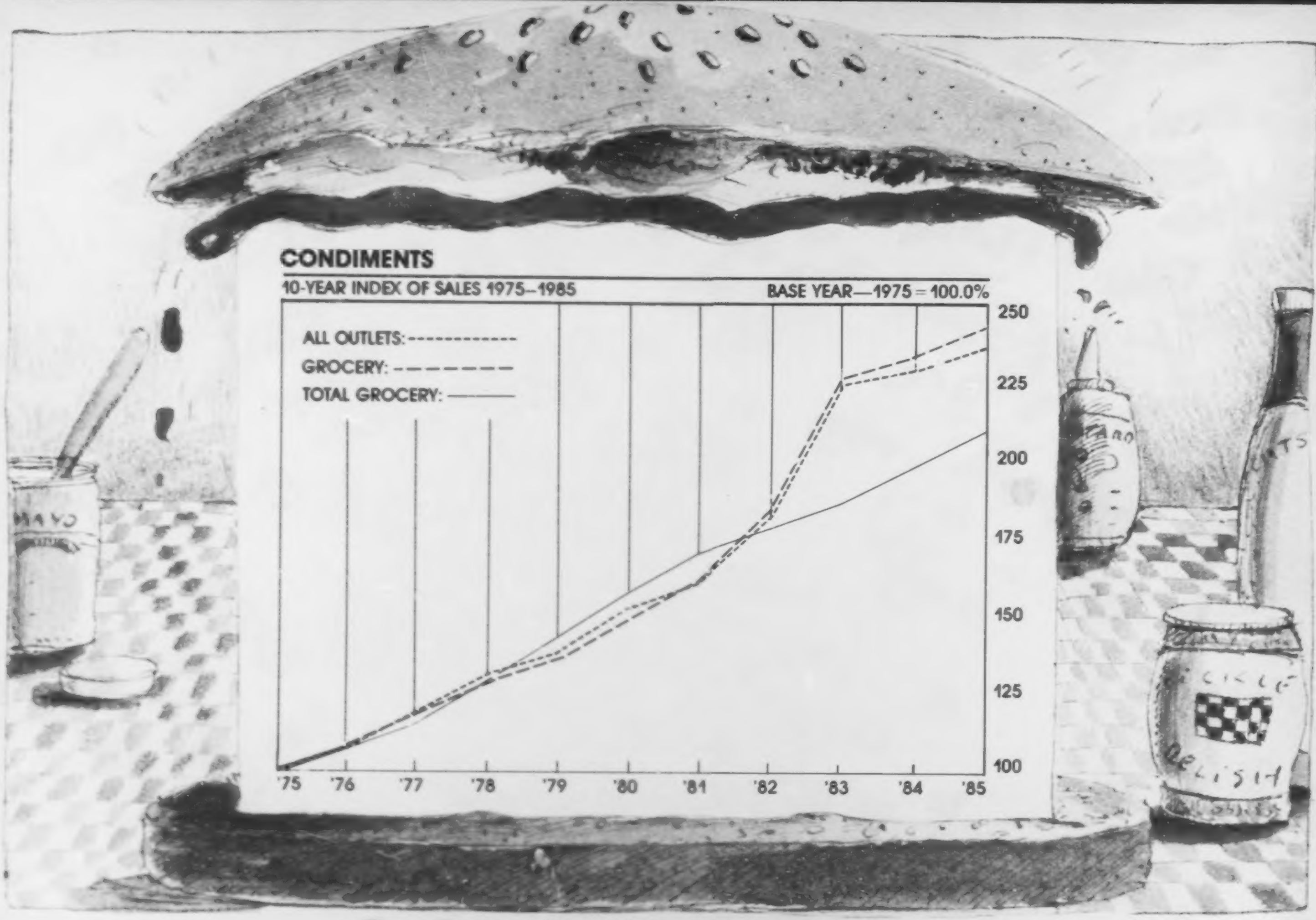

Illustration by Debbie Tilley

CONDIMENTS

Some condiments are riding the crest of changes in the American diet. As microwave pancakes soar, table syrups follow. And the increase in poultry consumption is adding zest to barbecue sauce sales.

NEWS FLASH: Latest buying patterns for condiments, sauces and spreads show across-the-board evidence of a growing preference for quick, easy-to-prepare meals. Food industry experts point to the growing number of double-income and single parent households, saying the resulting time shortage is leading to a decline in home cooking.

Does this urgent message sound less than startling? It should—"industry experts" have been blaming the national time shortage for the decline of home cooking, and the resulting decline in consumption of scratch baking ingredients for years. Why do they keep harping on the subject?

Well, for one reason, they're right. Dozens of surveys in recent years have shown that fewer American consumers spend their time with elaborate, carefully planned meals, opting instead for a more anarchic "grazing" schedule. Not too many years ago, the vast majority of American consumers prepared and ate nearly all their meals at home. That group now accounts for about 4 percent of the total population, according to a Food Marketing Institute (FMI) survey done earlier this year.

"Women and Food," another recent national survey, commissioned by the Conde Nast Package of Women (publishers of *Vogue*, *Glamour*, *Mademoiselle*, *Self* and *Bride* magazines) indicates that about a third of American women have abandoned regular eating habits completely, grazing on impulse when the stomach pangs hit. (The survey, conducted by Mark Clements Research and National Family Opinion, culled mail-in responses from 2,077 women between the ages of 18 and 65).

These American women (most of them under age 35) who "graze" full time aren't likely to grab scratch ingredients—baking powder, vanilla extract, tomato paste and vinegar—and eat hearty. They're buying fully prepared meals from restaurants, convenience stores and instore deli departments. Or they're keeping a ready supply of frozen and canned prepared specialty foods in their freezers and cupboards, heating them up in the microwave when the brain says "EAT."

Of course, the American public hasn't undergone a total transformation. Half of the women surveyed did say that they eat three meals a day. Some 72 percent said they enjoyed cooking. But the times are a-changing: half of the respondents also said that their households have different eating patterns than they did in the past.

A changing landscape

The macroscopic shift away from home cooking, a trend that seems to be moving with slow, glacial power, is changing the landscape for condiments, spreads, salad dressings, relishes, garnishes and spaghetti sauces. Valleys are being gouged into demand for the scratch fundamentals—flour, sugar, spices and other basic items. And demand for "shortcut" cooking staples is helping subtly flavored condiments and sauces, condensed soups, flavored spoonable dressings, seasoned pepper and other "prepared staples" rise to new peaks.

Spaghetti sauces lead the list for this burgeoning interest in short-cut cooking, with 1985 grocery store sales gaining 10.4 percent, or $102 million, over sales from the previous year, according to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES).

The 1986 CES also shows a 5.1 percent increase in dried spaghetti. And with spaghetti sauce sales outpacing growth in both spaghetti products and dried pasta in general (7.1 percent), more consumers are finding new uses for the tasty red stuff.

Kathleen MacDonnell, senior marketing manager for Campbell Soup Co.'s Prego brand, says the Camden, N.J.-based company's research correlates with the statistics culled by SUPERMARKET BUSINESS. Consumers still enjoy preparing elaborate meals, she says. But they don't want to spend all day in the kitchen.

"We just finished doing a lot of consumer research, and we've found that many users are putting spaghetti sauce over other things besides pasta. They're using it with chicken, fish, and other dishes, like pasta casserole with stuffed shells. Some women say they're using it as a base for soup."

"We found that women are adding their own vegetables, ground beef and other things to make their sauces 'homemade,'" MacDonnell says. "They want the short cut, but they also want their sauces tasting as though they made them from scratch."

If they don't choose to change Prego's sauce to their tastes, consumers have a wide assortment of premixed products to choose from. Along with its five original varieties and the four flavors of extra-chunky Prego Plus, Campbell is introducing three fresher tasting flavors this month, with its Prego Al Fresco line. "They have a fresher taste," MacDonnell says. "We've taken down the spice levels. With the sauce less spicy and thick, it gives the tomato flavor more 'pop.'"

Ingredient soups

Campbell's is also hoping to add "pop" to the sales of its condensed soups, many of which are used primarily as condiments and short-cut seasonings. "Three out of 10 of our red and white label soups are used primarily as cooking ingredients," says Donald E. Goerke, marketing director.

Last year's most successful "ingredient" soup was oriented to the growing interest in Mexican food—the red and white label Nacho Cheese. "It's a very versatile product," Goerke says. "It's used primarily as a dip, either cold or heated up. And it makes a pretty good soup, too."

Seasoned dressings

Salad dressings are also drawing a favorable response from consumers. At supermarkets, all dressing sales grew $52.7 million, a 2.9 percent increase from 1984, according to SUPERMARKET BUSINESS's CES. Part of the reason for the increase is obvious—the 2.9 percent increase in fresh vegetables. And the seasonal supply means seasonal demand for salad dressings.

"It's August—we're right in the season right now. And they're all doing great, whether they're spoonable, pourable, whatever," says William Giogio, head buyer at Iandoli's Super Markets (Worcester, Mass.). "Right now, everybody's making green salads, chicken salads, tuna salads. Later on in the Fall, sales will slow down."

"Sales for Good Seasons did not meet the company's expectations," says Trecie Fennell, spokesman for General Foods Corp. (White Plains, N.Y.), a subsidiary of Philip Morris (New York). "The consumers who buy the product are those willing to put more effort into their cooking, sacrificing convenience for fresh taste and value."

According to SUPERMARKET BUSINESS's CES, the packaged spice category rose in dollar volume by $10.5 million, a 2.8 percent increase. But the increase in dollar volume hides flat growth, and even a slight drop in tonnage sold. Prices rising from supply shortages of cloves, mace, nutmeg and other spices helped keep category sales in the black.

Pepper scored the biggest increase in sales volume for 1985—a 17.8 percent increase, pushing supermarket sales up by $19 million. While consumers may be increasing their consumption of pepper as an alternative to salt, the spice company spokesman says the boost in dollar volume was mostly price-related.

Salt and nonsalt

The decline in home cooking has led to a slight tonnage decline in table salt, and with no major supply shortages affecting the market, the losses show up in dollar volume figures as well. Supermarkets lost about $1 million in table salt revenues from 1984 to 1985—not an earthshaking amount.

In fact, the concern over salt could be beneficial to the category as a whole. No salt company would bother covering its packaging with bright labels, saying "100 percent salt" or "high in sodium." But the words, "sodium" and "salt" can become a positive marketing tool, especially when they're used in the negative. And the positive benefits probably outweigh the $1 million decline.

At least four major spice manufacturers—McCormick (Baltimore), Durkee Famous Foods (Cleveland), R.T. French (Rochester, N.Y.) and Thomas J. Lipton's (Englewood, N.J.) Lawry's—are getting a boost from nonsalt, the value-adding ingredient that's available for nothing, as long as you're willing to change the packaging and you don't have salt in the product you sell.

Lawry's new nonsalt line, Natural Choice Seasonings, joins the 75 percent salt-reduced light seasoning blends McCormick introduced last year, and industry sources say Durkee will follow suit. R.T. French is also showing its nonsalt by adding "No Salt" labels to those products that happen to have no salt.

"They want the flavor, whether it's in a pickle, an olive,

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The decline in home cooking continues to erode sales volume of scratch baking items. But while scratch cooking is in decline, demand for sauces, soups and dressings that serve as preseasoned "short-cut" ingredients is on the rise.

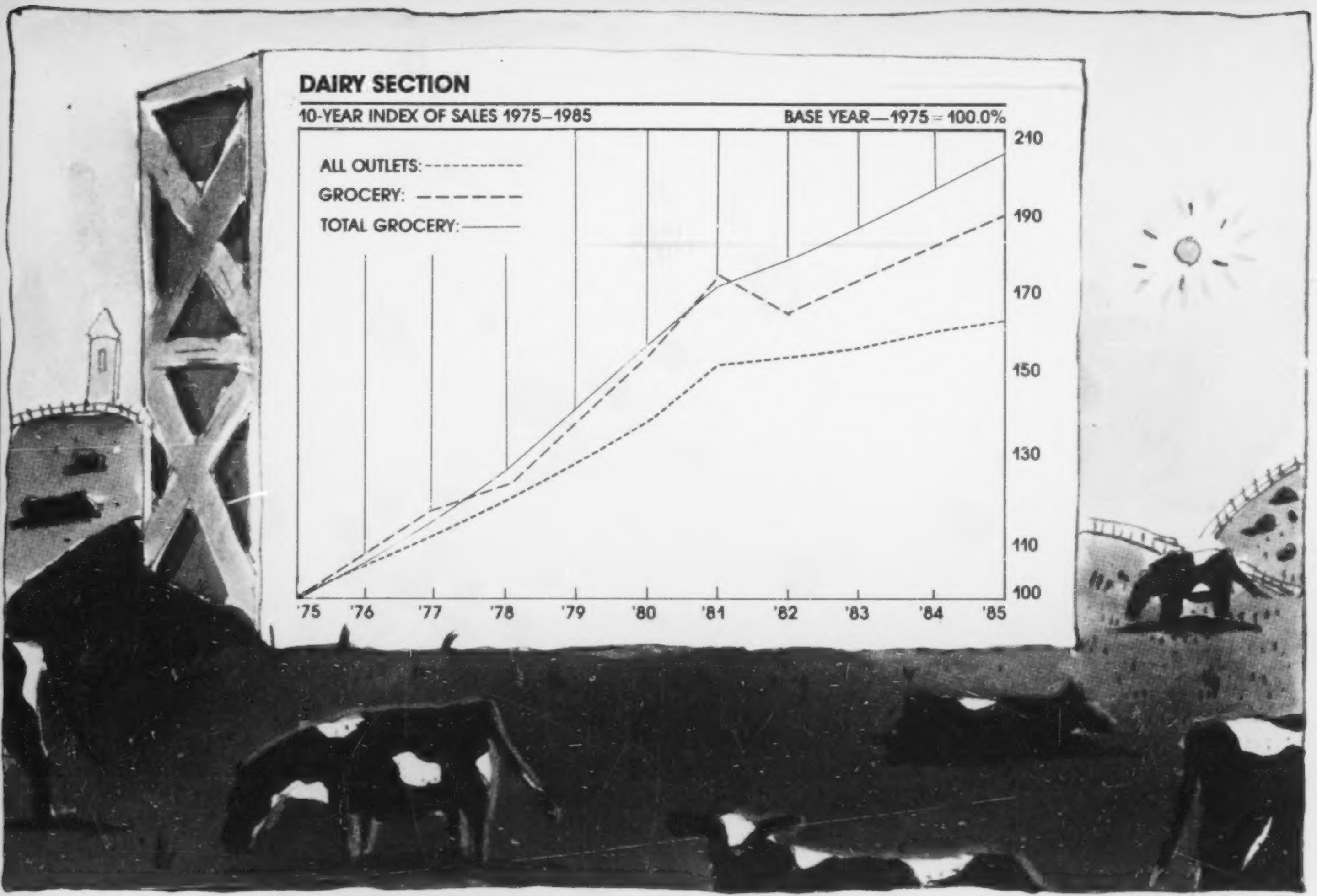

Illustration by Debbie Tilley

DAIRY

Yogurt sales in grocery stores grew 18.6 percent during 1985, while milk sales were slightly off, which means, according to one analyst, that a shift is taking place away from the traditional core merchandise in the dairy section.

Considered by itself, yogurt represents just one-eighteenth of the overall dairy business in the United States, but that representation is misleading in its minimizing of the segment's importance. The maturing dairy business continued to experience light growth during 1985, with much of its expansion a result of the nation's seeming craving for yogurt.

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), the $35.7 billion dairy business grew 0.9 percent during 1985; grocery stores had a higher rate of growth in the dairy category, 4 percent, with roughly 52 percent of the nation's dairy sales taking place in grocery stores.

At the same time, according to CES, the $1.9 billion yogurt business—83 percent or $1.6 billion of which was done in grocery stores—had a growth spurt of 15.3 percent overall during 1985, and an even higher spurt of 18.6 percent in grocery stores. And, fortunately for supermarkets, some 83 percent of the nation's yogurt sales are taking place in grocery stores.

What this means, according to Leonard Teitelbaum, an analyst with the brokerage firm of Merrill Lynch (New York), is a shift from the traditional strengths of the supermarket dairy case, as yogurt and some other products start to drain sales away from staples such as milk and butter.

Clear trend

Indeed, CES reports that milk purchased for home consumption— at $10.3 billion, still a considerable part of the business—dropped 1.9 percent overall during 1985, from $10.5 billion. Grocery stores actually experienced a small increase in milk sales, up 2.9 percent from $6 billion to $6.1 billion, but the trend seems clear.

Butter sales experienced marginal growth during 1985, up 1.7 percent overall and 1.8 percent in grocery stores; as a $1.8 billion business, it currently ranks just behind yogurt in importance, and current trends suggest that the gap may be widening.

One Midwestern retailer says that dairy is an increasingly important element in his stores, despite the seeming shift in emphasis within the department. "Unless you've remodeled your dairy, probably in the last five years, you're going to have problems," he says, noting that as much as possible, he tries not to go around "kicking items out." But more frequent stocking of items such as milk and butter become

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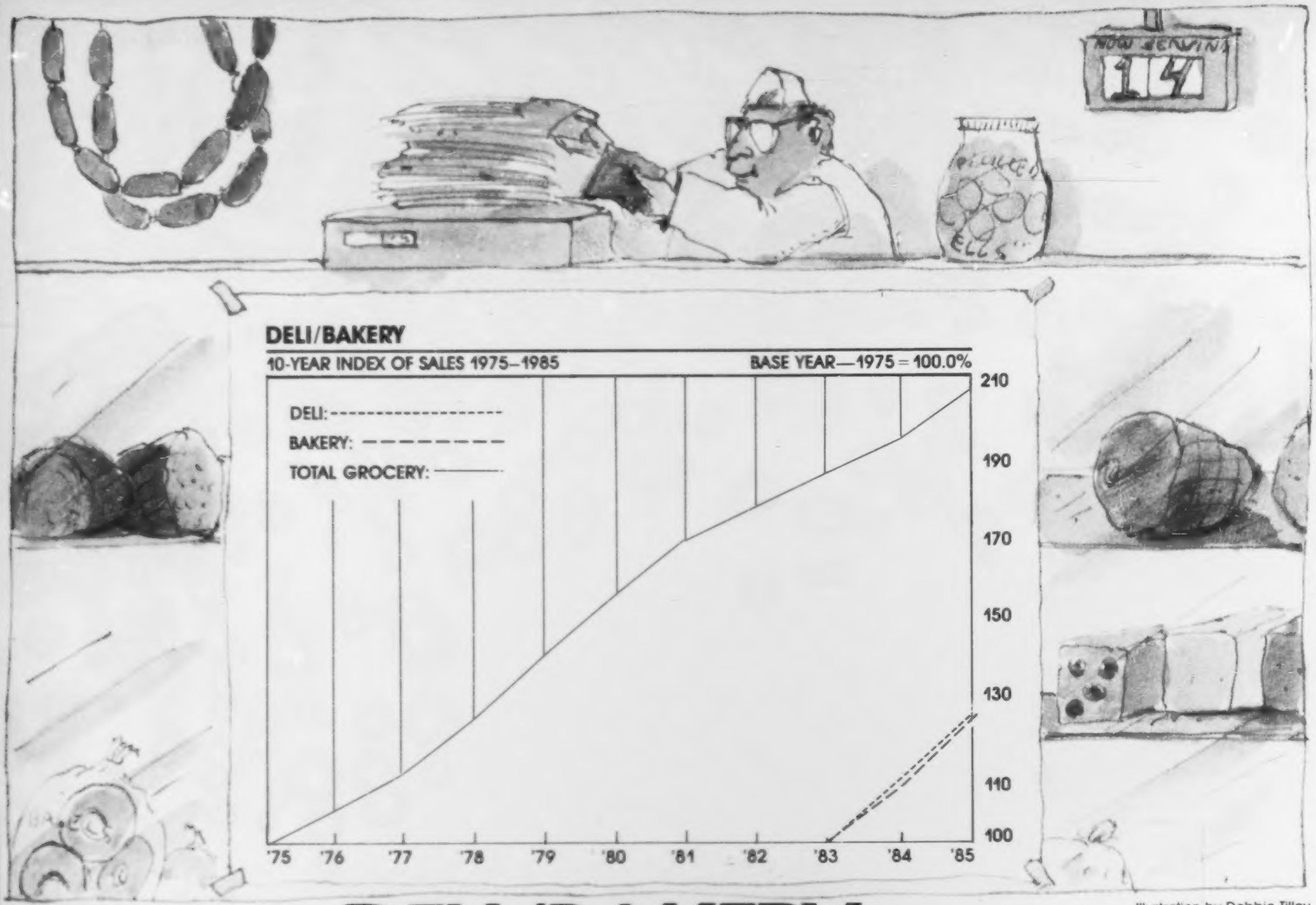

Illustration by Debbie Tilley

DELI/BAKERY

Sales at instore bakeries and service delis continue to grow at a healthy clip, further evidence of America's demand for service and convenient food.

Today, the instore deli and bakery have become almost essential parts of a supermarket. People are not only buying more fresh goods, they demand service. And they demand the convenience that bakeries and delis offer them. More and more stores, competing with restaurants and fast-food emporiums for the food dollar, are offering prepared foods.

Sales at instore bakeries grew by 12.6 percent in 1985, the same amount they grew by in 1984. Shoppers spent over $4 billion at instore bakeries. The instore bakery, in fact, posted one of the largest volume increases in dollar sales last year, ranked fourth behind the service deli, fresh poultry and fresh fruit. The list shows something: America is eating more fresh food and lighter meats. They are also looking to save time—thus the impressive showing by the deli.

The majority of supermarkets have separate deli and bakeries, although a significant number—about 38 percent—have combined deli-bake departments.

Sales at service delis grew by 12.8 percent in 1985, also matching the amount they grew by in 1984. There are about 17,400 service delis now (up from 14,700 just four years ago), and some 57 percent of supermarkets now have them.

Striking design

A service deli has become one of the prime places for a store to dazzle its customers with striking design and presentation. Many delis are now using sleek, friendly European casing. And because the image of a deli is one of fresh, tempting foods, supermarket retailers are positioning the delis first in the traffic pattern.

Not everyone sees the deli as the first stop, however. The deli at ShopRite's "The Experience" in Edison, N.J., is positioned in the rear center of the store, anchoring a whole series of other service departments—seafood, service meat and the store's large bulk foods section.

The look nowadays is as varied as the product offered. While ShopRite's "The Experience" uses a mirrored ceiling to cast colorful reflections down onto shoppers, other stores, such as an Oyster Bay, N.Y., Foodtown or Shop-n-Save in Pittsburgh, use flashy neon, while still others, such as Vons Pavilions in Garden Grove, Calif., create a warm feeling of freshness with wood-trimmed cases and hanging banners.

Experimentation

In addition to the cold cuts, cheese and salad selections, more delis are experimenting

Upgraded salads are usually made instore. Four in 10 prepare at least some of their salads from scratch.

DELI/BAKERY

with additions such as pizza. The typical upscale deli nowadays will break out the sales dollar in this way— 37.5 percent sliced meats; 17.8 percent cheese; 13.5 percent salads; 10.6 percent fried/barbecued chicken; 5.2 percent pizza; 5.0 percent sandwiches; 4.4 percent entrees; 2.4 percent barbecued ribs, and 4.2 percent other.

If a deli is going to be expanding its line, it is most likely to add pizza, specialty cheeses, upgraded salads, soup, chicken and hot entrees. A growing number of retailers are testing out prepared foods. Amarraca, in Pittsburgh, even has a prepared foods department. The meals are cooked slightly less than done, packed in microwavable trays with heating instructions.

The upgraded salads are usually made instore. Four in 10 stores prepare at least some of their salads from scratch. Some stores, such as ShopRite's "The Experience," offer a combination of commercially prepared and instore-prepared salads. Others go further. At Kaufelt's Fancy Foods in Somerset, N.J., a trained chef prepares or oversees the preparation of high-quality salads every day. At Vons Pavilions, a chef devised recipes for the instore salads.

What this means is that more delis have become flexible, adjusting to their customers' wishes.

But deli operators are looking to more help from their suppliers. A western chain representative says, "Suppliers have got to take more interest in problems at the store level. They are spread out too thin." He calls for more understanding of day-to-day store operations. The deli operators also would like to see more help with point-of-purchase (POP) materials. But deli operators aren't counting on price specials and POP materials alone to pull shoppers in. They are putting more effort into imaginative merchandising.

The instore bakery

The success of the instore bakery at the supermarket is another manifestation of the continued move towards service at stores and also a growing willingness among shoppers to try out their supermarket bakeries. The number of supermarket instore bakeries has grown from about 13,800 in 1982 to 17,000 in 1985. Instore bakeries are in 55.7 percent of supermarkets. Bakeries have become a key part of a store's positioning.

That Xtra touch

The way that Pueblo Inc. approaches instore bakeries, with its Xtra Super Food Centers, is emblematic of how retailers in other parts of the country are changing or refining their bakery ideas for today's consumer. The bakeries are 95 percent scratch. There are three Xtras in Florida, with five more being built. "Our bakeries have been extremely good for us," says Tyrone Curry, bakery director.

"Our merchandising has changed a little bit. We're really catering to two different clienteles, the average people and then a higher class of people. So

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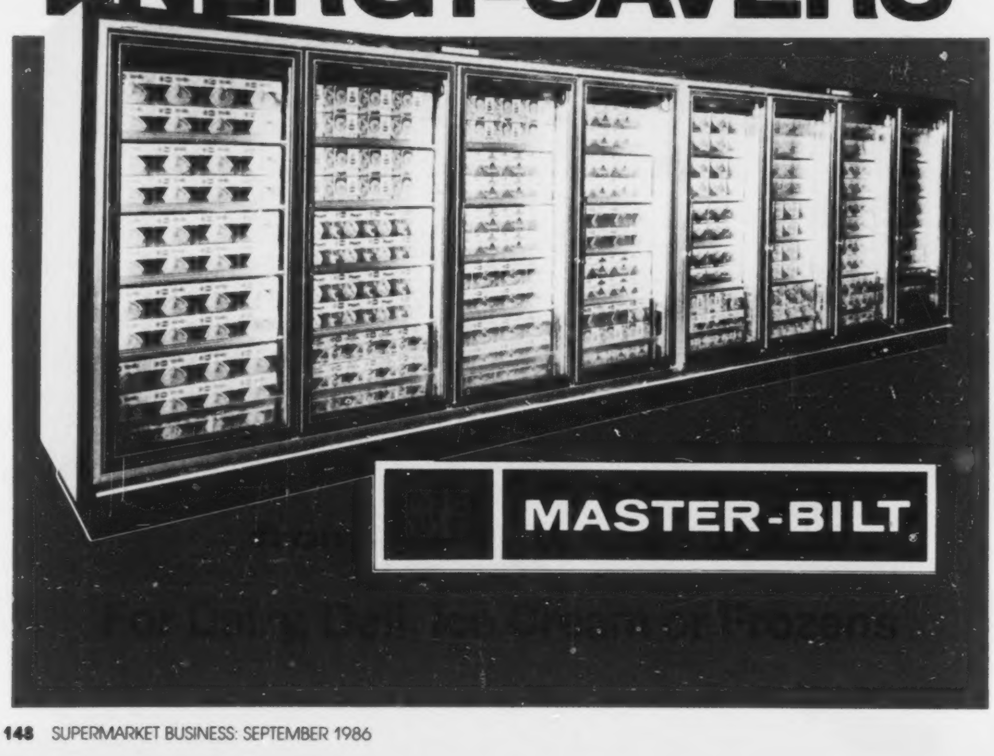

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"We're really catering to two different clienteles," says Xtra's bakery director. "Regular and upscale."

DELI/BAKERY

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we have to carry expensive products as well as the regular breads and rolls." Many stores are offering a lot more of upscale product mix. In fact, to keep up with current tastes, bakeries are often refining their lines. While breads and rolls remain the keystone, with 40 percent of sales, new varieties of muffins, croissants and bagels continue to come onstream. Bakeries are also likely to introduce soft or gourmet cookies. And what's new in bread lines is what's the most traditional: European-style crusty breads.

"The key for us," says Curry, "is selective variety. We don't believe in having an extensive variety, but in making well what we do make. One of our newest items is a gourmet cake in which the fillings are all natural. It is a whipped-cream type cake that comes in five flavors: Black Forest, Pina Colada, Mocha, Strawberry and Chocolate Mousse."

Xtra, like a growing number of stores, is combining service with self-service. Although some self-service was always available in bakeries in the form of prepackaged products, such as baked pies on display tables, the self-service movement has been enlarged by retailer experimentation with—and customer acceptance of—bulk self-service. Here, the self-service roll bins have been supplemented by in-wall shelves of sweet goods, cookies, doughnuts, etc., often restocked from behind.

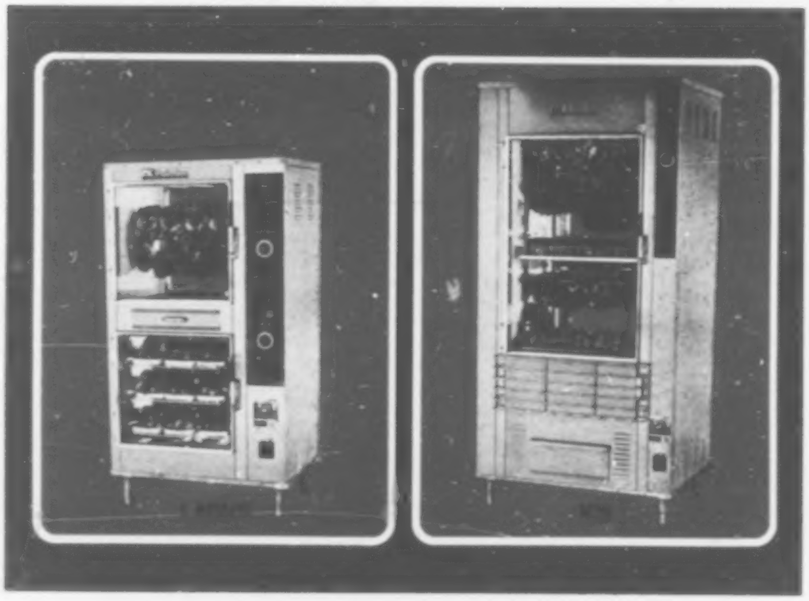
"When we started in Hialeah," says Curry, "we were probably 98 percent self-service. When we opened up the Bird Road store (in Miami), we went to about 90 percent self-service. At our newest store, in Oakland Park (in Lauderdale Lakes, Fla.), we're down to about 65 or 70 percent self-service. We may even remodel the Hialeah store so we can have a little more service there. Having service in your bakery is important, because that is one of the few places where you can establish a relationship."

Almost all instore bakeries have some self-service packaged goods, about 27 percent offer self-service bulk foods, and about 84 percent offer service. New among the service offerings is a growing finesse with presentation: cake decorators, for instance, are in such demand that culinary institutes have a waiting list of stores hoping to snare a talented graduate.

There's a trend among many bakeries to have the prep departments visible to the shopper. A visual interaction between help and customer lends a hands-on atmosphere to the bakery. "We've tried to make our equipment more visible," says Curry. "We think the customer perceives freshness if he can look into the bakery and see our baker there with icing and flour dripping off his arms. We believe strongly that animation is important, and that our products have to be quality."

The instore bakery and service deli are among the most dynamic departments in a supermarket. Whether they are large or small—in a 9,000-square-foot Kaufelt's or in an 80,000-square-foot Cub— they are part of a marketing approach that a greater number of retailers are adopting.

—BOB HUGHES



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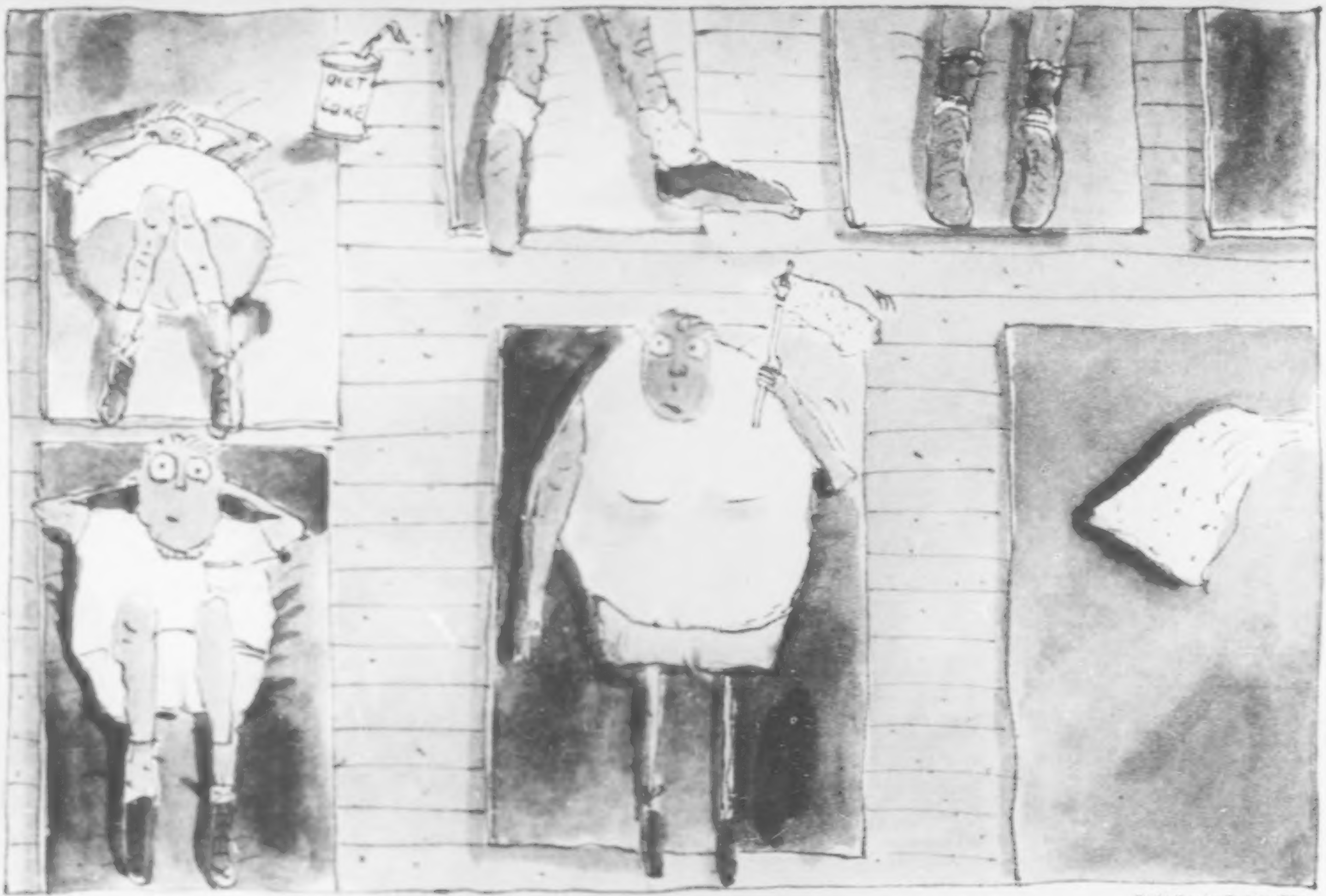

Illustration by Debbie Tilley

DIET FOODS

Retailers join in the effort to fatten up profits from the diet foods category, as manufacturers bring out new products that (they hope) will simply preserve their market shares in an ever-competitive atmosphere.

If you wish to grow thinner,
diminish your dinner,
And take to light claret
instead of pale ale;
Look down with utter contempt upon butter,
And never touch bread till it's
toasted—or stale.

Easier said than done. While the above verse, by H.S. Leigh, could serve as perhaps the world's shortest—and pithiest—diet, most weight-conscious Americans seem to prefer books, health clubs, personal trainers and what-all in their desire to attain an attractive torso.

And diet food. Don't forget diet food. This category in recent years has seen significant growth in the supermarket. Lean Cuisine, Weight Watchers, Lite & Elegant, Slim Line, Diet Coke, Lite Beer: the names have become almost generic in usage, rolling trippingly off the tongue, offering, on the distant horizon, an oasis of fitness and slim hips.

Diet food. The segment is not easily categorized, nor quantified in terms of dollars spent. So many different kinds are available with so many overlaps into other categories that specific statistical information is not easily acquired. In the $3.7 billion frozen food business, for example, experts estimate that low-calorie products account for roughly one-third of the merchandise and 40 percent of the gross sales volume; one company suggests that its figures indicate that low-calorie frozen foods are growing 350 percent faster than frozen dinners as a whole.

Just about everything seems to have a diet, or lite, version. Every manufacturer, it seems, is getting into the act.

Isolation a negative

Not to be outdone, retailers are searching for their own ways to develop the diet foods business. Just putting up diet sections in stores isn't enough; both retailers and industry experts indicate that such sections probably hurt the diet foods business more than they help, as people continue to associate negatives such as high cost and less taste with foods designed for special diets.

Enter Nutri Guide, which is at least one attempt to help retailers expand their diet foods business, and which starts from one simple premise: diet not only *doesn't* mean high cost and less taste, but it doesn't necessarily even mean losing weight.

Gerri Seinberg, bulk foods merchandiser and buyer for Pueblo Inc.'s Pompano Beach, Fla.-based Xtra Super Food Centers, is a registered dietician hired to implement the Nutri Guide program in Xtra's South

Xtra Super Food Centers in South Florida feature more than 1,000 items under the Nutri Guide program, which allows consumers to easily find calorie-controlled, fat-modified or sodium-restricted foods.

Florida stores. "People always seem to think that if it tastes good, it can't possibly be diet food."

Nutri Guide, she says, is aimed at showing people precisely how much food can actually be considered diet food: in an average Xtra store, more than 1,000 items. "This company," she says, "has made a real commitment to the program because it helps people find the foods they are looking for and helps to highlight their needs."

The Nutri Guide program at Xtra stores has two essential elements.

First is a pocket-sized booklet, the "Nutri Guide Special Foods List." This booklet, updated at least once a year, directs customer attention to named, branded products that fall within three categories: calorie-controlled food, fat-modified food and sodium-restricted food.

Color it successful

The second component of the program is shelf tagging of all foods listed in the booklet, color coded to the three categories of dietary need. Calorie-controlled foods get a yellow tag, fat-modified foods get pink and sodium-restricted foods get a green tag. Seinberg stresses that in many ways, the shelf tags are even more important than the booklet: they are far easier to update, allow new products to be included in the program and serve as colorful reminders throughout the store that Xtra offers a broad range of diet foods.

Seinberg says that Nutri Guide also eliminates the stigma of shopping a dietetic aisle. "My gut feeling is that people are doing much more than they used to in terms of watching their diets, but not as much as they are paying lip service to," she says. "People may be watching what they buy a little more, but they are also still buying ice cream." While specific market research to gauge the success of the program has not yet been conducted, Seinberg says that her informal research indicates strong consumer usage.

The Nutri Guide program, Seinberg says, is given considerable promotion support by Xtra in its circulars, and allows people to see past advertising slogans and gimmicks in looking for foods that fit their dietary needs.

"People think of yogurt as being low fat because that is what they are told," she says. "But it all depends on what you compare it to. Compared to sour cream, yes. Compared to ice cream, maybe, depending on the ice cream. Besides that, low fat doesn't mean that something is low calorie. It may be, but it depends on what you compare it to, and what you are using it as a replacement for." (Only one yogurt — Axelrod's Easy-Dieter All Natural Low-fat Yogurt— appears in the Nutri Guide booklet.)

Not alone

Xtra's South Florida stores are not alone in using the Nutri Guide program. According to Creative Data Services, the Earth City, Mo.-based company that developed it, Nutri Guides currently are found in more than 1,700 stores nationwide, including Vons Grocery Co. (El Monte, Calif.), Lucky Stores Inc. (Dublin, Calif.), H.E.B. Food Stores (San Antonio, Texas), Tom Thumb Supermarkets (Dallas, Texas) and Raley's (Broderick, Calif.).

Janet Brooks, product manager for Nutri Guide, says that the program is sold as a three-year commitment to retailers. The first year fee is based on the number of units in the chain. The second and third years have a flat fee, currently $5,000, for which Creative Data Services provides the shelf tags and nutritional information, and assists the stores with the customized design of the Special Foods List.

"The neat part of the program is that it doesn't require a lot of support from the retailer," Brooks says. "It is perfect for a chain that doesn't have its own nutritionist." Exclusiveness in regional areas has not yet been a problem, she says; in areas where two chains have Nutri Guide, customers seem to appreciate the multiple availability.

Scratching the surface

The 1,000-plus items included in the Nutri Guide and carried by Xtra stores are just a percentage of those acceptable to the program, Brooks says. Creative Data Service's master files list more than 8,000 products, which she says is a testament to manufacturers' increased desire to be seen as providers of healthful foods.

Meanwhile, manufacturers are doing their part to fatten their coffers in the diet foods business. In the frozen food section, in particular, the field is becoming crowded as Stouffer's Lean Cuisine, Foodways National's Weight Watchers, Armour's Lite & Elegant and ConAgra's Classic Lite position themselves through product line extensions and deletions to meet consumer needs.

While the field is crowded, there is a clear leader: Lean Cuisine, with about 50 percent of the market, as Weight Watchers sits in the second position with about 27 percent of the market.

And, while the field may be crowded, it is going to get more so. One of the most significant events of the past year was the entry of The All American Gourmet Co. (Orange, Calif.), the makers of Budget Gourmet, into the low-calorie frozen food category. The product was Budget Gourmet Slim Line, and with twelve entrees under 300 calories priced at about $1.79 and being promoted on television with a hefty advertising budget, the company was talking tough about its chances for dominating the category.

Good taste, reasonable price

"Our concentration is on taste at a reasonable price," says Steve Diamond, vice president of marketing for All American Gourmet. It is, he says, a concentration that leads his company to believe it will quickly become the number two diet frozen entree nationally, surpassing Weight Watchers, "and, quite honestly, we expect to come very close to taking over the lead from Lean Cuisine in a very short time."

Budget Gourmet Slim Line, according to Diamond, will become a national product sometime this fall. "Even though we've been in only 50 percent of the country, our numbers indicate that we are the number three low-calorie frozen entree nationally, that in markets where we have been, we are number two and in front of Weight Watchers."

Diamond attributes his products' strong growth mainly to the favorable reception that regular Budget Gourmet entree received when it entered the marketplace, notching a 9 percent market share in the overall category. Despite the fact that the low-calorie frozen food cate-

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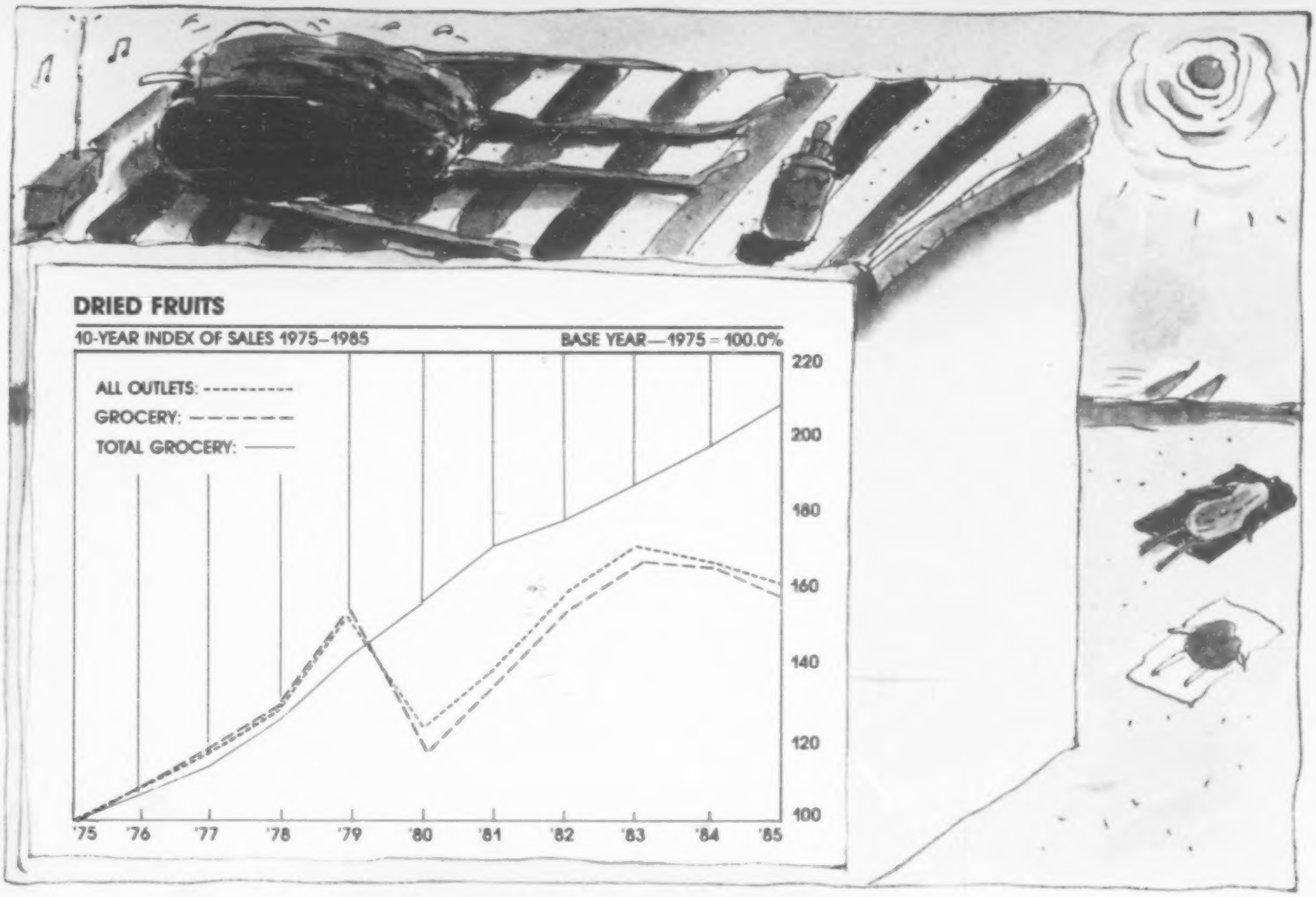

Illustration by Debbie Tilley

DRIED FRUITS

In recent years, the forces of nature and global trade have sent the dried-fruit industry in a product-glutted tailspin. But value-added packaging, nutritional information and favorable instore positioning is increasing demand.

The old John Lennon lyrics, "It's getting better all the time," seem an appropriate assesment of the dried fruit industry, especially when the subtle echo, "couldn't get much worse," chimes in for good measure.

Like most sectors of U.S. agriculture, California producers of raisins, prunes, dates, apricots and figs were walloped by the rate of exchange in the early 80s, with the strong dollar effectively reversing the flow of their export pipelines.

Raisin producers watched helplessly as export markets dried up and the productive vineyard/failed winery syndrome created mountainous surpluses. For apricot, date and prune growers, the export pipeline regurgitated with cheap imports.

The uneven levels of domestic supply and demand persisted in 1985. As a result, SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES) shows supermarkets ringing up dollar losses on tonnage increases for everything except prunes and figs.

Things are getting better for most dried fruit producers. Raisin growers are packaging their commodities as value-added snacks. Prune-makers are pumping sales with the nutritional benefits of their products displayed with point-of-purchase (POP) materials. The weakening dollar is helping date growers compete with imports from Iraq and Iran.

The Turkish invasion

Unfortunately, things *could* get much worse for some growers, most notably producers of dried apricots. The California dried apricot industry has traditionally thrived with production (3,000 to 4,000 dried tons) more or less geared to consumer demand.

But the strong dollar knocked that balance out of whack and helped create conditions that may permanantly disable domestic growers. SUPERMARKET BUSINESS's CES shows a benign decrease of about $150,000 in dried apricot sales at grocery stores for 1985, a decline of about 0.9 percent in dollar volume from the previous year. But Gene Stokes, general manager of the California Apricot Advisory Board, says domestic growers could be in dire straits.

"In 1984, the Turks took over the market. They had a big crop and a favorable exchange, and they flooded the market with 8,000 tons." At one point, Stokes says, California apricots selling at $2.50 per dried pound were forced to compete with Turkish dried apricots at 88 cents per pound.

"Last year, we had a

reprieve," Stokes continues. The exchange had become less favorable and Turkey suffered from a short crop. But Stokes adds that the California growers didn't have enough of a crop themselves to reassert their formal standing in the U.S. market. "We're withdrawn from the market," Stokes says.

Some sunshine for raisins

If the forecast looks stormy for domestic producers of dried apricots, the clouds appear to be breaking for California's raisin growers. In 1984, the per-ton price for raisins slid to $700 from $1,300 a year earlier, according to the California Raisin Advisory Board (CALRAB).

The price plunge, attributed to surpluses generated by a profusion of productive vineyards and a shortage of successful wineries, persisted in 1985, with a 400,000-ton crop and sales of some 200,000 tons, contributing to a 6.4 percent decline in dollars paid for a significant increase in supermarket tonnage.

1986 should prove to be a better year for raisins. "We're still feeling the effects of the wine grape surplus, but the situation has gotten better," says Bob Phinney, director of advertising and promotions for CALRAB. "Three things have happened over the last 18 months—there's been more diverting, the export markets have improved, and consumption is matching last year's record levels."

Increased export sales and domestic consumption, meanwhile, have boosted sales tonnage to 300,000 tons, narrowing the gap between supply and demand. "U.S. domestic sales of packaged raisins are about even with last year, which was a record for us," Phinney says. He adds that pack sales to manufacturers and food service have increased as well.

The prune encounter

One drawback all dried fruit manufacturers have to live with is the appearance of the finished product.

Along with its efforts to provide a more enticing wrapper than nature provided, Sun-Diamond encourages retailers to shift dried fruit from the canned and boxed goods in the grocery aisle and move it out with the fresh produce, with suggestions for a four foot, five-shelf display.

"About a year ago, the California Prune Board changed its marketing strategy," says Richard Peterson, marketing director of the San Francisco-based board. "We started promoting it as a high fiber fruit, through print advertising, instore materials and public promotions."

Manufacturers, realizing the profit potential of value-added packaging, continue to seek improvements in packaging appeal and convenience. "We've recently come out with bite-sized pitted prune chunks, cut into pieces about half the size of regular pitted prunes. They're very popular among families with children," says Sun-Diamond's spokesman.

Unfortunately, much of this year's carefully planned merchandising activity aimed at pumping up prune consumption may be thwarted by unpredictable supply conditions.

"This year's crop looks like it will be the smallest since 1972," the Prune Board's Peterson says. Last spring's rainy weather is expected to cause a tonnage decline of 28 percent, from 130,000 to 100,000 tons.

Fruit snacks

In an effort to create a buffer against supply conditions that can destroy margins with price-flattening surpluses and strangle consumption with price-hiking shortages, some manufacturers are pushing further away from commodity dried fruit and closer toward the profitable, price-stable snack category.

"We like to consider ourselves part of the fruit-based snack category, rather than the dried fruit category," says Bill Bettencourt, a spokesman for Del Monte's (San Francisco) Fruit Snacks line. "We're a value-added brand, and that helps us offset the impact of changing supply conditions."

Del Monte, a subsidiary of R. J. Reynolds Industries, Inc., introduced Fruit Snacks in May, 1985, and now offers two flavors of yogurt-covered raisins, Orchard Fruits (apples, apricots, pears), Tropical Fruit Mix (pineapple, papaya, coconut), Trail Mix (peanuts, almonds and fruit) and Pineapple Nuggets.

—FRANK HAMMEL

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Date sales are going wild!

Some chains are turning more than 7,000 cases of Sun World California dates in two months. And now the big non-foods retailers are leaping on the bandwagon.

To keep up with demand, Sun World has built a new date-packing facility, expanded our product line, stepped up an already aggressive marketing program — and increased production 500 percent.

Believe it: Sun World dates are big business. And profitable.

Many customers net up to 50 percent on their sales of Sun World dates. Which makes our dates one of the most profitable product lines in produce.

We help ensure sales and profits with the industry's strongest merchandising support, including co-op advertising, in-store demo programs and point of purchase materials.

Consumer demand for more naturally nutritious foods is sending date sales soaring. And Sun World is leading the way with the broadest product line, the finest quality and the largest share of market.

All things considered, there are a lot of good reasons to call Myles Thurston, Sun World's director of date marketing, at 619/347-0519, or 347-8693. As soon as possible.

SUN WORLD.

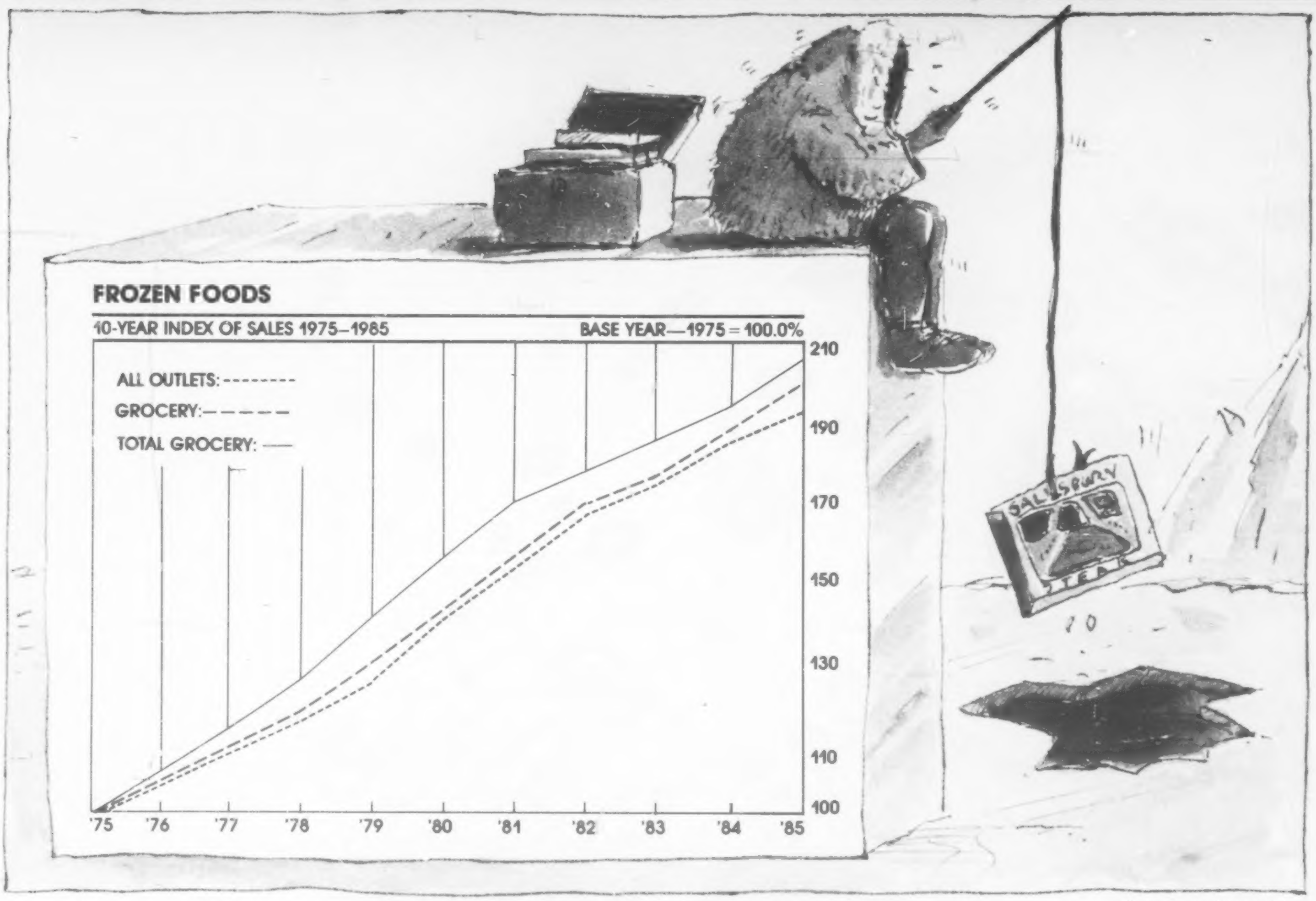

Illustration by Debbie Tilley

FROZEN FOODS

Consumers hungry for quality, selection and for convenience have a bewildering number of choices in the supermarket's frozen foods section. The number of new entries shows no sign of slowing down.

"Chicken Dijon? Right over here. Beef Tenderloin with assorted baby vegetables? Right next to it. Canadian Bacon and Cheese breakfast sandwich? Down the aisle. Heath Bar Crunch ice cream? At the end. Frozen orange juice? Yeah, I think we still carry that. Hey Eddie, we got any orange juice?"

Pity the poor stockboy. Hardly a day goes by that a new frozen foods product isn't introduced in some upright freezer in America. As the country's workforce continues to change, with more single-person households, two-worker families and other sociological forces coming to the fore, the desire for quick, convenient and easy meals grows stronger.

Manufacturers are responding by offering new products, line extensions and reformulated items at a bewildering rate. Since freezer space in supermarkets is finite, the introduction of a new product almost always replaces another that has outlived its usefulness. Call it frozen Darwinism.

The overall growth rate slowed somewhat from the previous year, as lines and products that had made significant ripples in the early part of the decade settled in and saw reduced sales gains. But while some segments of the frozen foods department have matured, others—like superpremium ice cream and novelties, breakfast entrees and dinners— have picked up the slack, and grocery stores still managed to gain almost $700 million in sales.

A $13 billion market

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), frozen foods was a $17.6 billion business in 1985, up 3.7 percent, and grocery stores sold almost $13 billion worth of products, a 5.5 percent increase. That was a slight drop from 1984's 7 percent gain, but the category's percentage of total store sales, 4.88 percent, and grocery to total sales figure, 73 percent, had small gains.

Practically all product groups grew at a slower pace last year. Frozen baked goods, $1.07 billion in stores, grew by 3 percent, compared to a 4 percent gain in the previous year. Due in part to the growing popularity of instore bakeries, frozen bagels, breads and rolls (down from a 21.1 percent rise in 1984 to 6.2 percent in 1985), and cakes and pastries posted smaller dollar sales increases. Only frozen pies— $292 million, up 5.2 percent—had a greater gain than a 1984.

Frozen breakfast entrees again had double-digit increases, but the percentage gain in stores, 11.8 percent, was slightly lower than 1984. The biggest segment of this $334 million group, waffles, posted a gain of 9.7 percent on sales of $193 million, and French toast and pancakes, up 25.7 percent on sales of $48 million, also had a larger percentage gain than in 1984. Other breakfast items slowed to a 10.3 percent increase, but are closing in on the $100 million mark.

Ice cream, now a $4.75 billion business, rose 3.6 percent last year. Grocery stores showed a healthier 6.3 percent sales increase, on sales of $1.61 billion. Superpremium ice cream and adult novelties, like the Dove Bar and a slew of similar products brought to market in the wake of its success, have helped fuel growth.

Frozen meat, fish and poultry gained 8 percent on sales of $2.66 billion in grocery stores. Fish and other seafood, $634 million, increased 2.6 percent. Frozen poultry, almost $1.8 billion, gained 13.6 percent in sales and five-hundredths of a percentage point in percent of total store sales, bringing it to 0.67 percent. Frozen meat, reflecting much more severe consumption declines than fresh meat, plunged 14.3 percent, dropping to $227 million.

Dinners up 10.3 percent

Frozen prepared foods, the largest dollar segment in grocery stores' frozen foods sections with $3.6 billion in sales, gained an impressive 8.3 percent in 1985, and its share of total store sales rose to 1.35 percent. Frozen dinners led the pack with a 10.3 percent increase, on sales of $1.6 billion.

More moderate increases were posted by other products. Frozen pizza, $1.07 billion, rose 4.9 percent, more than double 1984's increase. Oriental dinners, $213 million, increased 6.3 percent, while Mexican dinners, $259 million, rose 4.3 percent. Meat pies, $227 million, gained a modest 2.3 percent, and poultry pies, $211 million, increased 2.6 percent.

Frozen fruit juice concentrates had a disappointing 1985, as consumers continue to increase their purchases of refrigerated and shelf-stable fruit juices. Grocery store sales for concentrates were $1.65 billion, a neglible 0.7 percent increase, and the segment's share of total store sales dropped to 0.62 percent. Orange juice increased just 1.7 percent on sales of $1.37 billion. Grape juice lost 10.8 percent, dropping to $96 million. Apple juice also lost sales—a 1.7 percent fall-off—and now represents $129 million. Frozen fruit drinks gained 5.2 percent on $135 million in grocery store sales.

Frozen vegetables also had a mediocre year. Gains made by fresh produce have affected this category, as grocery sales, $1.59 billion, increased only 1.1 percent. French fried potatoes, far and away the biggest seller at $650 million, gained just 1.3 percent. The only other vegetables selling more than $100 million—broccoli, corn and green peas, increased 2.2 percent, 5.3 percent and 1.9 percent, respectively.

The frozen gourmet

Single-portion entrees and dinners remain one of frozen

Continued on page 221

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Illustration by Debbie Tilley

GENERAL MERCHANDISE

The major manufacturers have set their sights on 1987 as a potential breakthrough year in their dealings with the supermarket trade, and are committing significant resources to achieving that goal.

Let the record show that during the calendar year 1985, while the number of dollars spent in grocery stores on shoelaces increased by 4.9 percent, grocery stores' share of the overall shoelace market in the United States—which amounts to $58.9 million—actually declined by a percentage point, from 54 percent in 1984 to 53 percent in 1985. Which just goes to prove, that if you want to have a complete line of general merchandise in your supermarket, you can't afford to be a loafer.

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES) general merchandise was an $8.7 billion business for grocery stores during 1985, with a growth rate of 4.2 percent over the 1984 general merchandise-grocery store sales figure of $8.3 billion.

This growth was not across the board, however. During 1984, general merchandise (GM) represented 3.27 percent of grocery sales; in 1985, that figure had declined ever-so-slightly, to 3.25 percent—a virtual stagnation from the perspective of percentage of store sales.

One Midwestern retailer, discussing the need for stores to move to general merchandise in bolder fashion, says, "It is becoming a larger segment of the business. Everybody talks about it, but there is still a basic, inbred prejudice in favor of foods. But when you get down to bare facts and gross margins, the fact is that you can create a price impression with general merchandise. We can discount something and still have a good margin on it, and create a price impression in the mind."

Retailers and manufacturers alike seem to agree that while 1985 seemed to be a strong year for GM sales in supermarkets, it is quite likely that 1986 and 1987 could be breakthrough years in several segments of the general merchandise category.

Shift in the offing

Traveling through the country during the past year, one could sense that a shift in attitude toward general merchandise seemed to be taking place, and not always in the places that might be deemed "most likely." It wasn't just the superstores and the super warehouse stores that were bringing in truckloads of general merchandise to help them improve their gross margins: it was also the smaller stores.

It was the 30,000-square-foot unit in Michigan with barbecues and lawn chairs and garden tools spread out to attract

Continued on next page

The general merchandise category grew by 4.2 percent in 1985, not an exceptionally fast rate of growth, but one that was marked by some strong double-digit performances in certain segments.

GENERAL MERCHANDISE

summertime buyers, and not just on an in-and-out basis. It was the independent retailer in Baton Rouge, La., who, amid the standard low-end pots and pans in his housewares section, keeps a supply of high-quality caphalon cookware. And sells it.

And it was the West Virginia retailer who brought in small 13-inch television sets and 35-millimeter cameras to sell at extremely low prices on his opening day weekend, even though he had never tried to peddle such high-tech offerings before. Some preferred to dip a single toe in the waters of general merchandise; others were swimming with abandon.

Mixed signals

And yet, not all indications are favorable toward supermarkets' move into GM. The annual study published by the National Housewares Manufacturers Association (NHMA) and conducted by Chicago's B. Angell & Associates reveals that there seems to be a certain hesitancy within the trade. In 1985, according to the study, food stores represented 5 percent of the total dollar sales of housewares; that was actually a decline from the 1966-1967 study, which reported that food stores had 7 percent of the action. Mass merchandisers, on the other hand, have consistently had the highest number of sales and have consistently grown, except for a six-percentage-point slippage in 1985.

Still, there were many positive signs in the general merchandise category during 1985, spurts of positive growth that demonstrated that supermarkets were doing well with at least some of their nonfoods.

Some of the fastest growing segments were: automotive polish, which was a $41.4 million business in grocery stores, growing 10.3 percent from 1984's sales figure of $37.6 million; electrical appliances grew 13.7 percent, from 1984's $99.2 million in grocery stores to $136 million in 1985; flashlights and batteries, a $465.7 million category in 1984, grew 11.1 percent to $518.1 million in 1985.

Fast track performers

Hardware was up 12.3 percent, from $183.7 million in 1984 to $207 million in 1985. Sunglasses were a $77.1 million category for food stores in 1985, up 12.7 percent from 1984's $68.4 million figure. Sales of still cameras were up 28.7 percent, from 1984's $42.2 million in food stores to 1985's $54.3 million. Men's hosiery also socked it to them with an 11.9 percent increase, a $56.6 million business in food stores in 1985, up from $50.6 million in 1984.

Blank video cassettes, stimulated by their decreased cost and the corresponding increased affordability of video cassette recorders, had an astoundingly good year, up 52.7 percent, the largest increase registered in CES, growing from a $30 million business in food stores in 1984 to a $45.8 million business in 1985. And audio cassettes had almost as fine a year, moving from food store sales of $11 million in 1984 to $13.4 million in 1985, a jump of 21.8 percent. And these, it must be noted, are just *some* of the double-digit increases recorded by general merchandise segments during the year.

In all these figures, however, there is a glaring lack of consistency when it comes to analyzing shifting customer loyalties in terms of where they buy their GM products.

Take the case of flashlights

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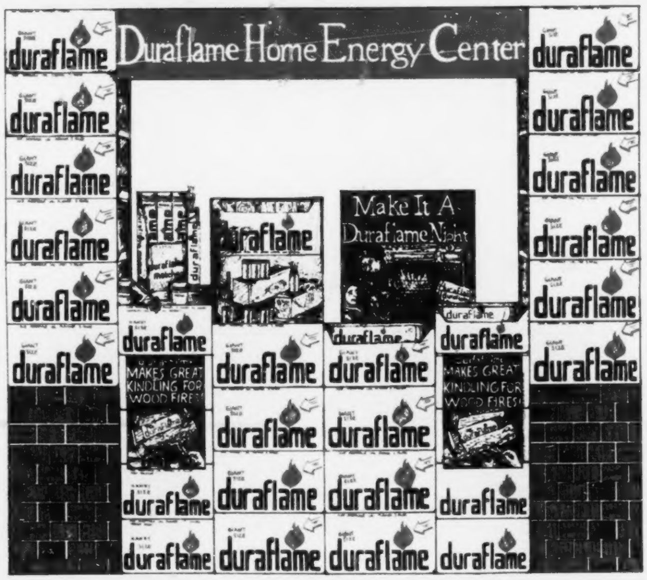
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Build a **duraflame** display and watch sales catch fire . . . not only **duraflame** but wine, cheese, popcorn, games, videos and other high margin, evening-at-home products. Stack **duraflame** high and watch your profits soar.

This year we've added **duraflame** matches for fireplaces, barbecues, stoves and campfires to complement our line. **duraflame** is the number-one firelog brand, the one that outsells all others at retail.

Why? Because **duraflame** is a better quality, longer burning firelog. **duraflame** is the consumer safe firelog that easily lights wood fires. **duraflame** has a patented Easy Light Strip that allows one match starts, every time. And, **duraflame** is backed by strong national advertising and consumer promotions.

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This year **duraflame** is adding more rebates, newspaper support, and automobile/sailboat racing to its national advertising program.

We are proud to be a sponsor of the America's Cup Challenger USA and will be offering several special promotions to your customers — including a chance to win a trip to Perth, Australia to watch the finals of the AMERICA'S CUP '87!

Make it a **duraflame** year and help America's Favorite Firelog **Go All the Way with USA.**

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Order your WD-40 Maid to Order Sweepstakes display today.

Give your customers the chance to clean you out.

GENERAL MERCHANDISE

Continued from page 162

and batteries, for example. The 11.1 percent increase it registered for 1985 is significant, and better than the 9.6 percent increase the segment recorded as a whole, and the grocery store business accounted for 16 percent of all sales of flashlights and batteries, up a percentage point from 1984's 15 percent. But the reverse was true for men's hosiery, which managed to show growth two percentage points higher in grocery stores than in the category as a whole, but still lost market share: while it had 4 percent of the men's hosiery business in 1984, it had only 2 percent of it in 1985.

In fact, most of the double-digit growth grocery store segments listed above managed to maintain 1984's market share or grow by a percentage point. But the expansion was hardly overwhelming.

Plans

To some manufacturers, the supermarket business remains the land of opportunity, and they have every intention of staking a claim there. One segment causing particular interest is automotive, in which the 1985 sales figures reported by CES took a curious turn.

Three areas within the automotive segment demonstrated strong growth during 1985. Automotive polish was up 10.3 percent, from 1984's food store sales figure of $37.6 million to $41.4 million in 1985, and grocery stores now have 27 percent of the polish market, up from 26 percent the year before. Antifreeze performed almost as well, up 9.7 percent, to $96.8 million from $88.6 million, maintaining a 19 percent market share. And automotive additives experienced respectable grocery store growth as well, to $28 million from $27 million, a 4.8 percent hike, and it maintained its 18 percent market share as well.

But auto supplies were basically a stagnant category, declining 0.7 percent in 1985, from $375 million to $372 million. And motor oil took a 7.3 percent drop in sales, to $206.3 million in grocery stores from $222.5 million, and grocery stores lost one percentage point in motor oil market share as well.

One retailer, who has been very successful with most nonfoods categories, says that he has less enthusiasm for automotives because he is not convinced that a grocery store is really where people want to buy them. He keeps them as a convenience, even though there is a successful auto parts store just across the street. "I think the majority of people go to the auto parts store because they can walk in and say, 'I have a '57 Chevy, what kind of filter do I need?' We'll help them, too, but they're used to the kind of help they'll get at the auto parts store."

Eric Kupferberg, nonfoods buyer with Pueblo Inc.'s Xtra Super Food Centers (Pompano, Fla.), says that heavy promotion is needed to make an automotive department viable. "If you just put the case on the gondola, it won't sell," he says. "The discount houses promote it as a loss leader, and you always see them selling it at a ridiculous price. We have to be competitive all the time, and it is a very key and sensitive area."

James J. Conner, executive vice president with the Teaneck, N.J.-based Motor & Equipment Manufacturers Association (MEMA), says that the decline in motor oil sales in supermarkets is a direct result of specialty automotive parts stores becoming more competitive in the marketplace, and that the increased sales of items like additives and antifreeze is simply the natural progression as supermarkets expand their stock.

Wising up

"We are finally beginning to see automotive parts stores begin to promote the sale of oil," Conner says. "Supermarkets buy tons of it, put it on an endcap in six-packs, and charge a great price for it. The auto parts stores weren't doing that, they weren't using it as a loss leader. But now, generally speaking, automotive parts stores have begun to get a little bit more competitive with other outlets, and have started to use consumer-oriented promotions."

Conner says this represents a shift from the old days, when auto parts stores would serve as retail outlets and as jobbers for garages, and would depend heavily on the latter business. In the current climate, he says, a new respect for retail consumers has emerged. "In looking for

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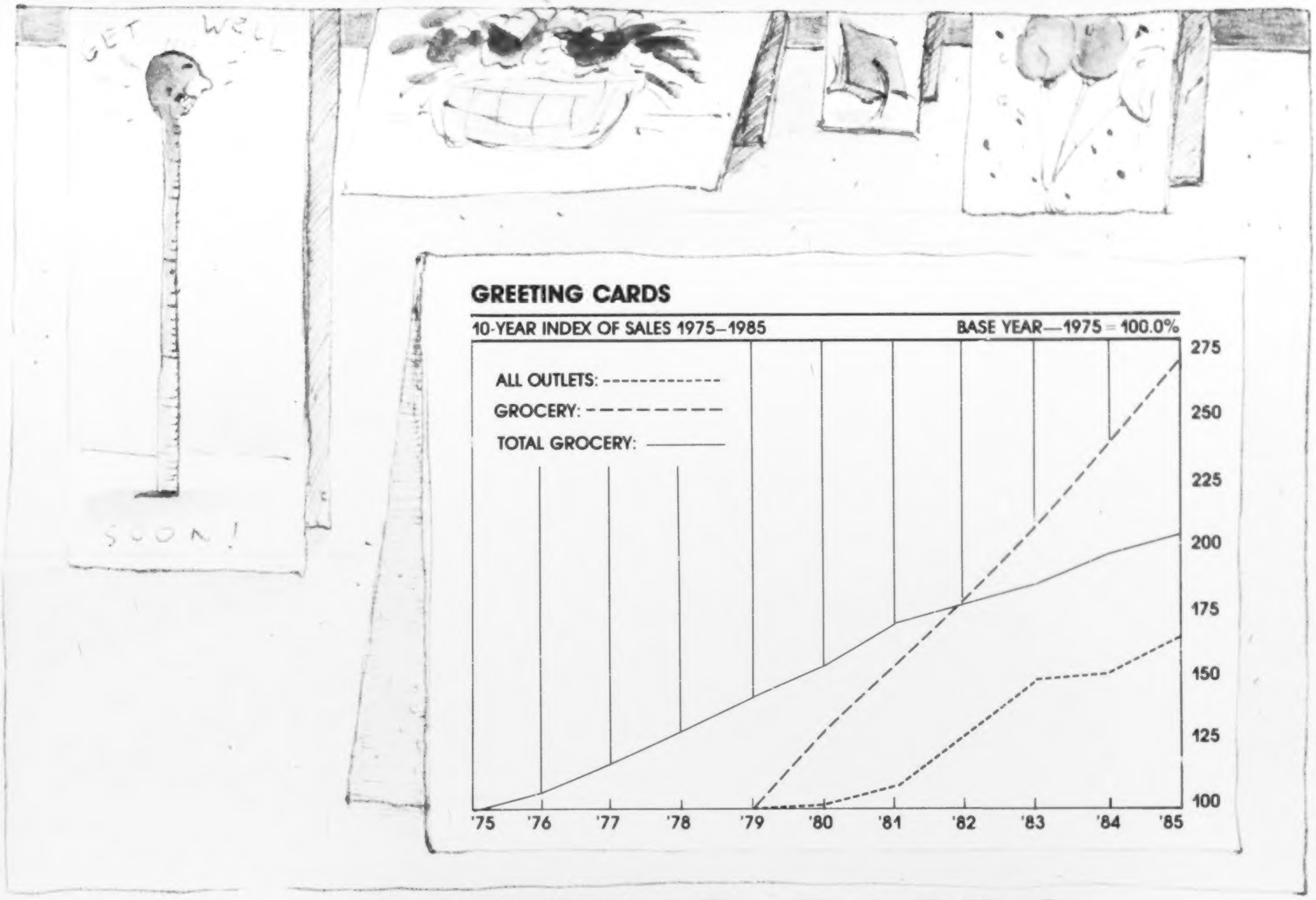

Illustration by Debbie Tilley

GREETING CARDS

Encouraged by high profits and increasing sales, retailers continue to devote more space to greeting cards departments. Meanwhile, the three major card companies fight for consumer—and retailer—loyalty.

It is an industry predicated on sentiment and expression, and the feeling among greeting cards companies can best be described as joyous. These purveyors of ready-made communication have good reason to be cheerful, because they have maintained their status as one of the hottest departments in the country's supermarkets.

Nonfoods and general merchandise are among the fastest-growing segments of the grocery industry, and greeting cards have been at or near the top of the pack for both sales and percentage increases over the last few years. 1985 proved no exception.

According to SUPERMARKET BUSINESS's 1986 Consumer Expenditures Study (CES), greeting cards' dollar volume gained 10.4 percent in grocery stores during 1985, on just over $400 million in sales. Total sales, $3.52 billion, increased 6.1 percent.

The category's percentage of total store sales increased slightly, to 0.15 percent, while grocery stores' share of overall sales remained at 11 percent. Some disagreement exists among industry participants as to whether that figure can grow substantially, with some observers confidently predicting supermarkets will pass the 20 percent mark within five years, while others are saying sales erosion in department stores, stationery and gift shops will level off, leaving supermarkets between 15 and 20 percent of sales.

Nice figures

What is not being disputed is the commitment retailers are making to greeting cards and related items like party goods, stationery and seasonal merchandise. Their enthusiasm is based on several factors. Greeting cards are a "clean" department, with direct store delivery (DSD) and no warehouse requirements. The major companies have large teams of service merchandisers who maintain displays and can assist retailers with ordering and merchandising techniques.

Because they bear no transportation or storage costs, greeting cards have one of the highest direct product profitability (DPP) figures in the supermarket, and deliver accurate bottom line figures. Finally, constant refinement of product mix assures retailers of having products backed by extensive research and ample advertising and promotional outlays.

"1985 was a good year all the way around, especially in supermarkets," says Jeff Jones, executive director-national markets at American Greetings Corp. (Cleveland). "Supermarkets have recognized the profitability of the category, and are devoting more space to it.

"Supermarkets are the fastest-growing channel, four or five times faster than the other mass retailers. Combo stores can keep double-digit increases for several more years, and conventional stores can keep that rise even longer. Lots of conventional stores have more space to give the category. It isn't unusual to see a 25,000-square-foot store with 40 to 60 linear feet for cards."

Strength in maturity

"The greeting card industry in total is mature, and is still dominated by card and gift shops," he says. "But supermarkets have done a really good job getting to where they are. I don't know if they will crack 20 percent of the total market anytime soon, but the dollars will certainly continue to grow there."

Fiscal 1986, which ended February 28, was a successful year overall for American Greetings, as the company posted its 80th consecutive year of revenue increases, topping the $1 billion mark, while gaining 9.5 percent on sales of $1.03 billion.

American Greetings launched "In Touch" last year, an ambitious line of 144 cards with verses written by psychiatrist Dr. David Viscott. A departure from traditional cards, the line employs short, conversational tones and messages to convey direct emotions, eschewing more flowery, euphemistic approaches.

"In Touch" has become popular in supermarkets not only for its innovative positioning, but also because of the variety of fixtures available: single, double and triple spinners, as well as V-shaped displays for tight areas.

Popples, a licensed children's character, is doing well with endcap displays of party goods, while AmToy, A.G.'s toy division, has succeeded with My Pet Monster, which may create spin-off merchandise for the greeting cards section.

Later this year, the stationery line will be repositioned in a peggable package, with a new design, for a stronger sales presence. Jones says that A.G. has maintained healthy supermarket share increases because of the quality of its products, services and its pioneering role in establishing a DPP model.

Industry figures support the view that supermarkets are increasingly seen as a viable retailer of greeting cards. According to the Greeting Card Association, a manufacturer-supported trade group, supermarkets accounted for just 2 percent of sales in 1982, and have increased fourfold in the past three years.

Further substantiation of the inroads supermarkets have made can be found in the 1986 edition of "Trends—Consumer Attitudes & The Supermarket," conducted for FMI by Louis Harris and Associates Inc. In a four-year period, reports showed, consumers were 33 percent more likely to purchase greeting cards and related products in supermarkets. Purchases increased from 12 percent in 1982 to 18 percent in 1986, and this year's figure rose 20 percent from the previous year.

A good match

"Sales in supermarkets are continuing to get a bigger share of the overall business because of demographics—the increasing number of women shoppers, who are the traditional greeting cards purchasers," says Bill Marter, vice president, trade and retail development at Ambassador Cards (Kansas City, Mo.), the supermarket division of Hallmark Cards Inc.

Higher customer counts, resulting from construction of larger super stores that replace smaller conventional units, is largely responsible, Marter says, as well as the category's high DPP. "Before DPP, greeting cards' gross profit margin was thought to be about 50 percent. Now some supermarkets' DPP for the category is as high as 59 percent."

Ambassador, founded in 1959, has shown double-digit growth in its business over the last few years, Marter says, because of strong products and effective merchandising strategies. Sales are near the $300 million mark.

Marter says Ambassador's new alternative line, "In Other Words," which features simple artwork with a handmade look and direct statements, has done well in its first year. Humorous cards and juvenile cards have also gained in popularity. "Humor Plus" combines three card lines within standard fixture dimensions, expanding selection while maintaining the same space allocation.

"The configuration has boosted humorous card sales 40 percent in stores that have the section," Marter says. "The customer can shop three lines simultaneously, and the retailer can carry all three without needing more space. We're really excited about it, because it's not often that you can bump sales up 40 percent without increasing space."

Ambassador continues to have success with licensed characters. The Peanuts gang remains a big draw, as does its line of Crayola gift wrap and partyware. Recent childrens' items, including Knight Rider, GoBots, Rainbow Brite and Hugga Bunch, have carved out additional sales.

The third major greeting card company, Gibson Greeting Cards Inc. (Cincinnati), is a relative newcomer to supermarkets. Yet despite its late entry—its Buzza supermarket division began in 1978—the company has managed to become a significant force on the retail level.

"1985 was the best year ever for us in supermarkets," says Peter Shapleigh, national sales manager for supermarkets. "We're getting better known for our performance, service and products."

Because of its late start, Buzza needed to be aggressive. "The ideas were developed to help us grow in supermarkets, because when you start as late as we did, you need some good ideas," Shapleigh says. Among its innovations were using different light fixtures over the section to create the ambience of a boutique, and eliminating drawer inventory.

Dropping drawers

"Getting rid of the drawers has increased display space 35 percent. What other item in the supermarket has drawers?" he asks. "Our competition still has drawers and all that dead space there. We're selling party wrap, candles and other items from that space, things that would ordinarily not move as fast.

"There is no question that supermarkets are increasing their commitment to greeting cards," Shapleigh says, "both for the space they devote to it and the effort they put behind it.

"The number one thing to remember is location. The retailer has to make a commitment to the right spot in the store, and the right size department. If they give us the location and size, we'll do the rest.

"Without those two ingredients, you can forget it."

—PETER LEVITEN

Since greeting cards incur no warehousing or transportation costs, retailers find the category scores high marks for DPP.

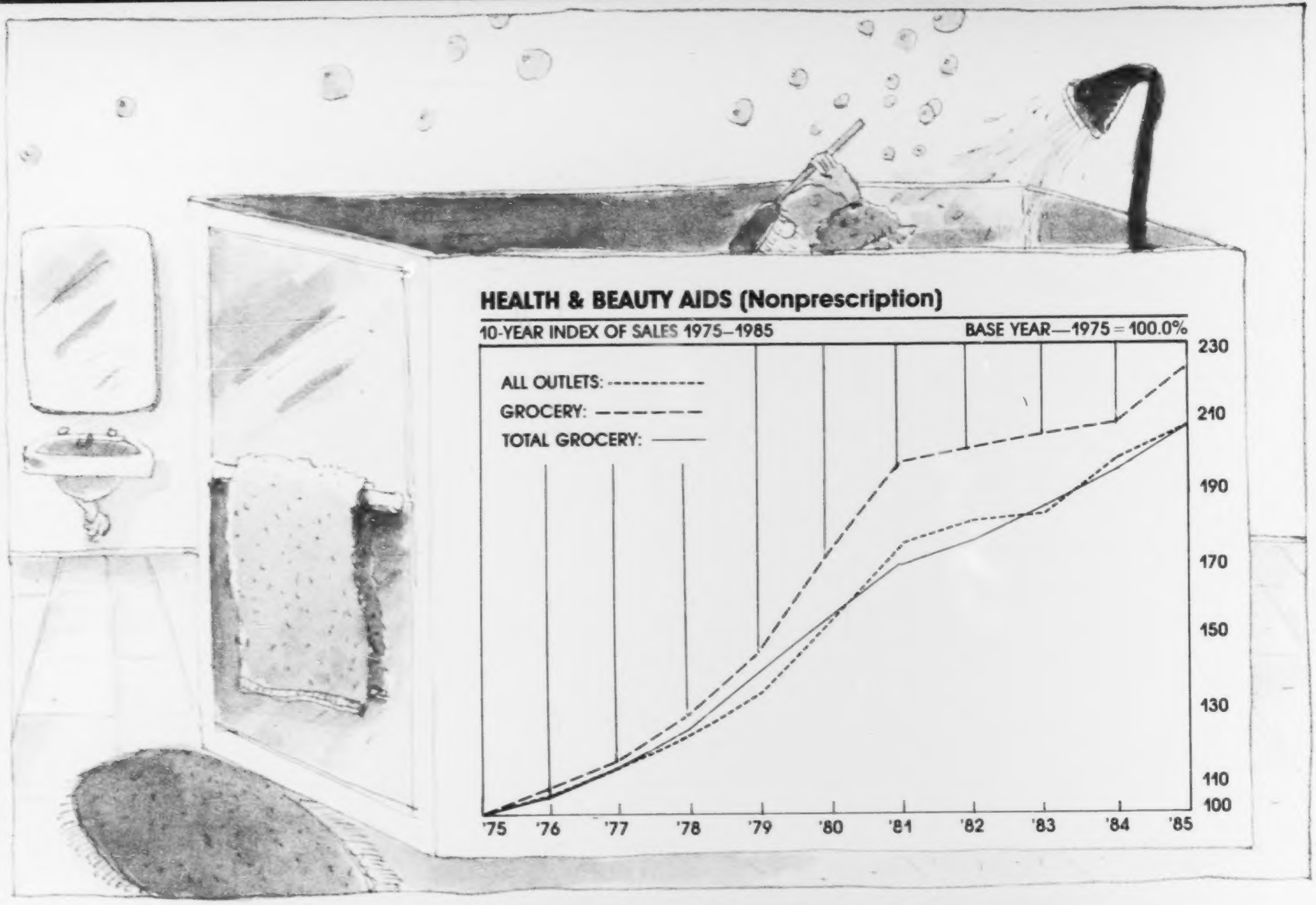

Illustration by Debbie Tilley

HEALTH & BEAUTY AIDS

Health and beauty aids posted some impressive gains in 1985, as grocery sales rose 6.4 percent on sales of $10.31 billion. And the increasing number of instore pharmacies means even healthier figures.

The market for health and beauty aids (HBA) continued to gain more grocery store sales in 1985, breaking the $10 billion mark. Add the figures for prescription medications derived from an increasing number of instore pharmacies, and sales swell to almost $12 billion.

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), total consumption of HBA (excluding prescription sales) was $27.87 billion, a 4.3 percent increase. Grocery accounted for $10.31 billion, a 6.4 percent increase. The category represents 3.88 percent of total store sales, up seven-hundredths of a percentage point from 1984.

Prescriptions were a $19.56 billion business in 1985, up 8 percent. Grocery stores saw an impressive 33.1 percent hike on $1.59 billion in sales. Scrips now account for 0.59 percent of total store sales, a 25 percent increase from the previous year.

Because of the diverse product groups, it is difficult to make general assumptions about the category's sales patterns in supermarkets. One fact is not in doubt, however: HBA and prescriptions will continue to play an increasingly important role in both sales and profits.

Dieting aids, despite the popularity of fiber products like Fibre Trim by Schering-Plough Corp.'s Laboratories division (Kenilworth, N.J.), had a dismal year. Total sales, $421 million, dropped 7.9 percent last year, while grocery stores' sales, $201 million, slipped 10.2 percent.

A mixed diet

Diet supplements increased 10.7 percent in stores on $70 million in sales, but metered calorie meals tumbled 27.6 percent ($78 million), and reducing preparations dropped 0.7 percent on $53 million in sales.

Cosmetics, now a $4.4 billion market, picked up 6.5 percent in grocery stores, on sales of $564 million. Eye makeup products, $483 million in stores, gained 6.7 percent. Lipstick gained 3.4 percent on $42 million, and makeup bases, $32 million, grew 8.9 percent.

Feminine hygiene products, $918 million in grocery stores, grew 8 percent. Sanitary napkins, $617 million, gained 4.9 percent, while tampons, due to aggressive product introductions, gained 17.8 percent, moving to $280 million.

Hair care products, second to packaged medications for grocery store sales, gained 4.8 percent in 1985 on $1.53 billion. The category is one of the most

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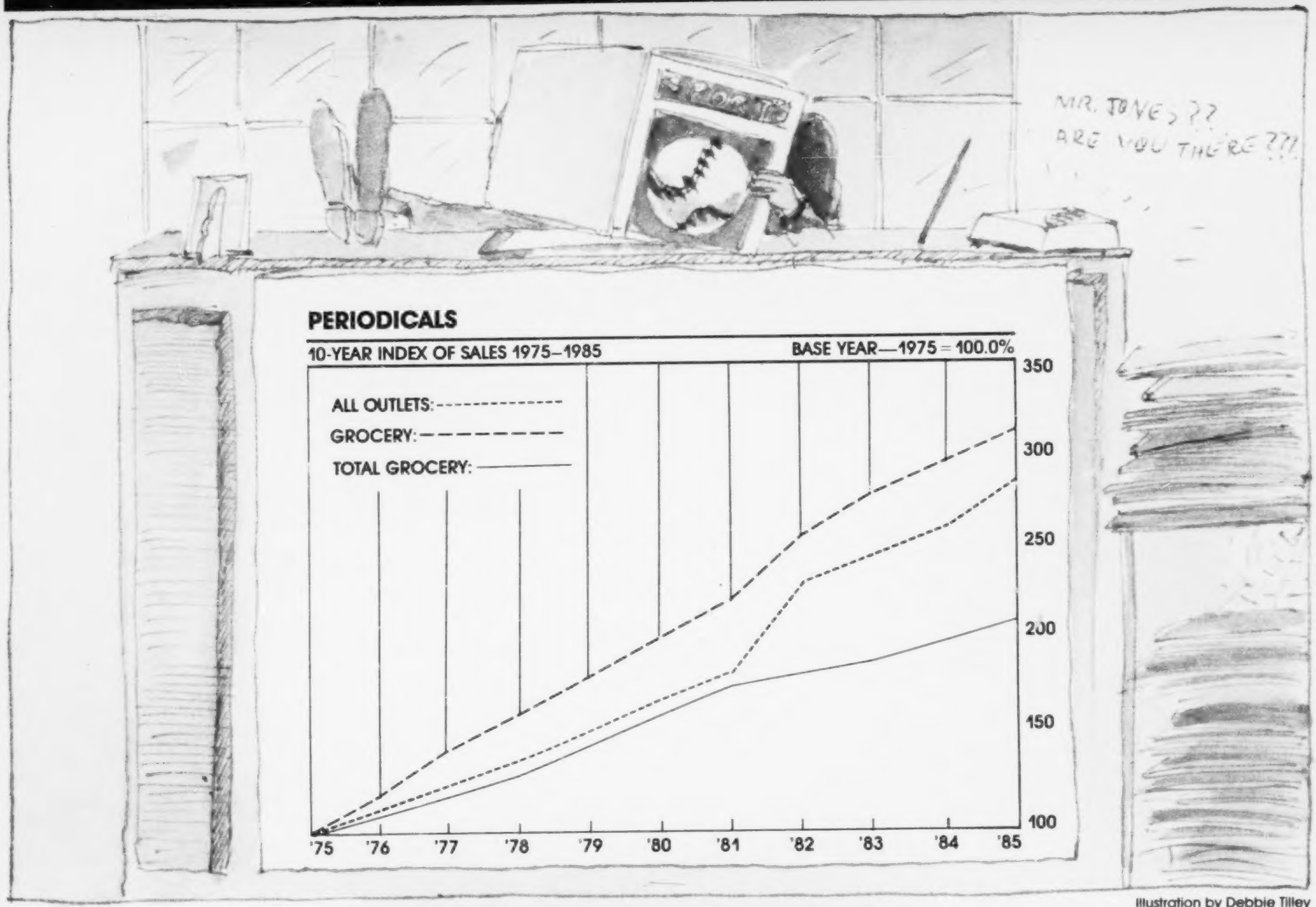

Illustration by Debbie Tilley

PERIODICALS

Unit sales are flat and dollar volume up only slightly for books and magazines. But publishers and retailers have an even greater worry, as censorship rears its ugly head.

The story for periodicals in supermarkets reads basically the same as last year, with a few plot twists. Unit sales are flat, dollar volume is up slightly, and competition from other nonfoods categories— as well as the growing number of books and magazines—exerts pressure on sales space.

Publishers and retailers have encountered another kind of pressure, potentially far more damaging than any concern over floor displays. A classic battle now wages between the forces of censorship and defenders of the constitutional protections granted by the First Amendment.

On one side are thousands of publishers, distributors and retailers. Opposing them are Attorney General Edwin Meese 3d, the Attorney General's Commission on Pornography, and a loosely organized yet powerful collection of religious and citizens groups, united in their crusade to purge what they consider obscene materials from the nation's bookshelves and magazine racks.

Right from the start, controversy surrounded the Commission on Pornography. Many members of the publishing community voiced concern about the objectivity of its members. Their fears of a witch hunt were confirmed last February, when the commission sent letters to several major booksellers, drugstores and convenience store chains, charging them with involvement in "the sale or distribution of pornography."

The correspondence also included a not-so-veiled threat: the final commission report would list "identified distributors." People's Drug Stores Inc., an 800-store chain based in Alexandria, Va., decided shortly after receiving the letter to stop selling *Playboy, Penthouse* and other adult titles. In April The Southland Corp. (Dallas) announced that it was pulling *Playboy, Penthouse* and Forum magazines from its 4,500 company-owned 7-Eleven stores, and strongly urged owners of its 3,600 licensed and franchised U.S. stores to follow its lead.

More to follow

After Southland's action, Rite Aid Corp. (Shiremanstown, Pa.), Thrifty Corp. (Los Angeles) and Revco Inc. (Twinsburg, Ohio), all drugstore operations, followed suit by removing more than 2,000 additional retail outlets from the distribution chain. These actions have further eroded single-copy sales for adult magazines, which have dropped precipitously in the last year.

In mid-May, Penthouse

Continued on next page

PERIODICALS

Consequences of the Attorney General's Commission on Pornography are still being felt, as retailers begin to question the validity of acceding to pressure groups' demands.

International filed suit in New York's Federal District Court. Playboy Enterprises, joined by the Council for Periodical Distributors Association and the American Booksellers Association, filed a similar suit the next day in Federal court in Washington, D.C. The Magazine Publishers Association (MPA) was another co-plaintiff.

Playboy won its suit in early July, and Judge John Penn ruled that the Meese Commission was prohibited from reporting or compiling a blacklist, had to furnish a list of people and companies named in its letter of Feb. 11, and required the commission to send a letter of retraction to each firm that had received the threatening letter.

"It was a big victory for us because it showed that the commission was out of line," says David Lee, vice president of MPA. "They were not operating within accordance of the Constitution. The court's decision reaffirms that retailers are free to retail any constitutionally protected publications."

Supermarkets do not sell significant numbers of adult titles, but they are closely watching the developments. In the wake of the Meese Commission (and perhaps owing more to pressure from the so-called Washington Wives, a group of politically connected Congressional spouses that held highly publicized hearings last year focusing on the perceived ills of rock music), several retailers, including Wal-Mart, have removed all rock-oriented publications, including *Rolling Stone*, from their bookshelves.

"Censorship is odious"

"There continues to be a lot of delisting, but I would not say the court's decision was a Pyrrhic victory for us," says Lee. "Censorship is odious, particularly to publishing organizations committed to the First Amendment. Government doesn't have any business intervening in the retailer's decision-making process.

"No retailer should feel pressured to accede to the wishes of a minority group," Lee continues. "One of the things we learned in our lawsuit (in which the National Federation of Decency was a defendant) was that the Commission wanted not only men's magazines delisted, but also *National Lampoon* and *Mad* magazine, because they're considered unsuitable material for adolescents' minds.

"Every minority group has its own ax to grind and an agenda, and if these groups get their way . . . once censorship starts, where does it stop, and where do you draw the line?"

"Our industry doesn't talk about pornography, we talk about censorship," says Mike Magee, executive vice president at the West Coast division of the Magazine and Paperback Marketing Institute (MPMI). Although he believes the battle is worth fighting on constitutional grounds, he feels that magazines like *Playboy* and *Penthouse* reflect an outmoded and increasingly offensive sensibility to many people for whom censorship is anathema.

"I think men's sophisticate titles will eventually die a quiet death," he says, noting the substantial decline in unit sales. "Their time is passing. I've been in this business for a long time, and I remember when *True Story* and *Photoplay* were the hot magazines. Now they've been supplanted by *People* and *The National Enquirer*.

"The same thing will happen with *Playboy* and *Penthouse*, but for different reasons. They will be victimized by changing times and the increased presence and acceptance of feminist principles."

Business as usual

Religious and governmental pressure aside, 1985 was a virtual mirror image of 1984 for periodicals sales. According to the 39th Annual SUPERMARKET BUSINESS Consumer Expenditures Study (CES), total category sales last year were $9.39 billion, up 4.7 percent, while grocery store sales, $1.4 billion, rose 6.2 percent. Periodicals' share of total store sales remained the same as in 1984, 0.52 percent.

And the amount of space devoted to periodicals has stayed virtually the same. New super stores have the floor space to give to reading centers—in-line displays of up to 60 feet. But older, smaller stores that have fixed space—with the checkout racks contained at the front— leave little room for growth.

The big percentage gainers in grocery stores were coloring books, up 13.7 percent, and comics, up 25.2 percent, but their sales are still comparatively small. Magazines, with sales of $2.13 billion and grocery sales of $1.07 billion, increased 5.4 percent in grocery stores, and maintained 0.4 percent of total store sales, while grocery's share of overall magazine sales rose one point, to 51 percent.

Paperback books' total sales in 1985 were $1.54 billion, a 4.3 percent increase, and grocery volume, $141 million, gained 7.9 percent. Both share of total store sales (0.05 percent) and percentage of total category sales (9 percent) remained the same.

In a generally flat sales category, publishers and wholesalers are exploring methods to create retailer enthusiasm and increased receptiveness to periodicals. Aggressive and creative merchandising ideas, backed up with significant advertising dollars and retailer display allowances (RDA), address the former, and industry models for direct product profitability (DPP) are an important part of publishers' pitch to retailers. They can also point to the continued growth of special interest publications.

The year in review

"Some people look at the industry figures and say that sales aren't what they used to be, but they don't realize that magazine publishers are following other manufacturers' leads and coming out with line extensions—growth strategies developed along ancillary sales," says MPA's Lee.

"The industry in general is going to more specialized titles," says Mike Magee of MPMI. "General interest magazines may be hurting in sales, but the newer specialty titles, while not selling as high individually, as an aggregate are doing better."

"A lot of excitement is generated by special interest magazines," agrees Gene Alfonsi, chief operating officer at Schering Investments Inc. (Columbus, Ohio), the parent company of several periodical distributors operating in Ohio, West Virginia and Michigan. "There's nothing in the whole supermarket as trendy as magazines; they pick up new trends and developments faster than anything else.

"You can see it in the growth of home magazines and other publications that deal with personal finance issues.

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Publishers are embracing specialization, with many new ventures hitting the racks. The goal is to tailor a magazine to a highly specific market.

PERIODICALS

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It's tied in with the whole Yuppie movement, and the fact that these people are growing up and need good, sound advice."

Shrewd merchandising

"Sales are flat, dollars are up slightly; it wasn't a great year, but luckily we've got some good, strong titles," says Mitch Halka, vice president-director of retail sales at ICD/Hearst, the distributing arm for Hearst Magazines and other publishers' titles. Among its traditionally strong women's magazines are *Good Housekeeping, Cosmopolitan, Redbook, Harper's Bazaar, Town & Country*, and *House Beautiful*.

Much of Hearst's success is due to its shrewd merchandising displays. In the South last year, it debuted a new cross-merchandising spot for its beauty magazines that consists of one side of a three-sided, black plastic cosmetic rack. "The moving of magazines into other parts of the store is working very well," Halka says.

Other cross-merchandising techniques include an ongoing deli program for *Bon Appetit*, a Knapp publication ICD distributes. Halka credits the two-pocket countertop rack with boosting the magazine's supermarket sales 350 to 400 percent in the last few years. *Video Review*, put out by Viare Publishing, has gained strong sales in supermarket video departments through its header card display, which lists that month's Top Ten videocassette rentals.

And preliminary results for another ICD-distributed title, *Weight Watchers*, merchandised in single-pocket racks in diet, grocery and frozen food aisles in Canada and the West Coast, are encouraging. Cross-merchandising does pose its problems, though. Maintaining stock and a presentable display becomes more difficult when a magazine is displayed in more than one area.

Competition at the checkout for rack space continues to be heated. Retailers are looking for turns and publishers who can service their products with a staff of instore merchandisers.

Halka notes the expense involved for publishers in securing checkout positions (anywhere from $12 to $18 per pocket), and observes that much of his company's strength lies in patient, cautious market research. But that has to be balanced with some risk taking, as in the case of two recent Hearst titles, *Colonial Homes*, now published bi-monthly, and *Country Living*, now a monthly. Both began as special yearly magazines, now enjoy newsstand sales of 200,000 and 500,000 copies respectively, and illustrate the strength of special interest publications.

"If we can't pick up a 200 to 300 percent increase by moving from the mainline section to the checkout, it's not worth it for us or the chain," Halka says. "We did it for *Colonial Homes* and *Country Living*.

The DPP shuffle

Publishers and wholesalers have tried recently to develop an industrywide DPP model to give retailers a clearer picture of the category's true profit structure. Hearst has its own DPP formula, but Halka notes that with well over 2,000 magazines on the market, "I don't know if it will really help the industry."

The accounting firm of Touche Ross is working for the MPA on DPP, and a presentation will be made at the National Association of Convenience Stores convention this fall, with another delivered next January at the Food Marketing Institute's (FMI) HBA/GM conference. MPA hopes that a workable formula will be completed in time for FMI's annual convention next May.

"Based upon the inherent qualities of magazines—pre-priced, direct store delivery, high turns potential, good profit—I just don't think the average store gives them enough space. But if you compare our preliminary DPP studies with, say, greeting cards, I think our case is quite strong," says Larry Gunn, executive vice president-director of retail sales at Time Distribution Services Inc., which handles all Time Inc. publications.

People leads the company in supermarket checkout sales, and Time's stable of news, business, personal finance and general interest magazines have managed to increase their share through mainline displays as well as checkout positions and free-standing dump displays for special issues. *Sports Illustrated*'s annual swimsuit issue sold 10 times the usual number of newsstand copies, and supermarkets accounted for 50 percent.

Time Distribution Services has 515 national merchandisers who police instore displays, making sure that shelf talkers are properly positioned, enough copies are on hand, and units are kept clean and uncluttered. "Since four of our biggest items are at the checkout— *Money, Life, Time* and *People*—more of our supermarket sales come from there," Gunn says.

"The most important thing is service. Magazines are a very fragile, highly perishable category that gets very little retailer service. We've done studies which show that with very little time and investment you can boost sales 13 to 15 percent. Naturally, the second most important factor is positioning. There is very little time for consumer exposure, and that makes it imperative that you have the best display possible."

What makes Time's year (and several other publishers') impressive is that unit sales remained constant, despite "aggressive pricing," according to Gunn. *Sports Illustrated, Money, Fortune* and *People* have all raised the cover price in the last year.

"There had been a period where unit sales were dropping— from '80 to '84—but at the same time, while the industry lost maybe 10 percent in unit sales, the average cover price went up 40 percent," says Lee of MPA.

"That was one of the things that led us to a DPP study. We realized that we weren't doing badly at all. How many other companies could drop 10 percent in units during a deflationary period, yet raise prices 40 percent?"

Publishers and wholesalers agree that strong promotions and market research designed to determine consumer patterns account for successful supermarket titles. "There's excitement around the magazine category; there are good products coming into the marketplace and reshaping of others," says Michael Garavalia, newsstand sales director at The Condé Nast Publications Inc.

Magazine packaging

Condé Nast has bucked the general trend by experiencing not only dollar growth, but unit growth as well. In the past five years the company has had a 35 percent increase in newsstand sales, while revenue has grown

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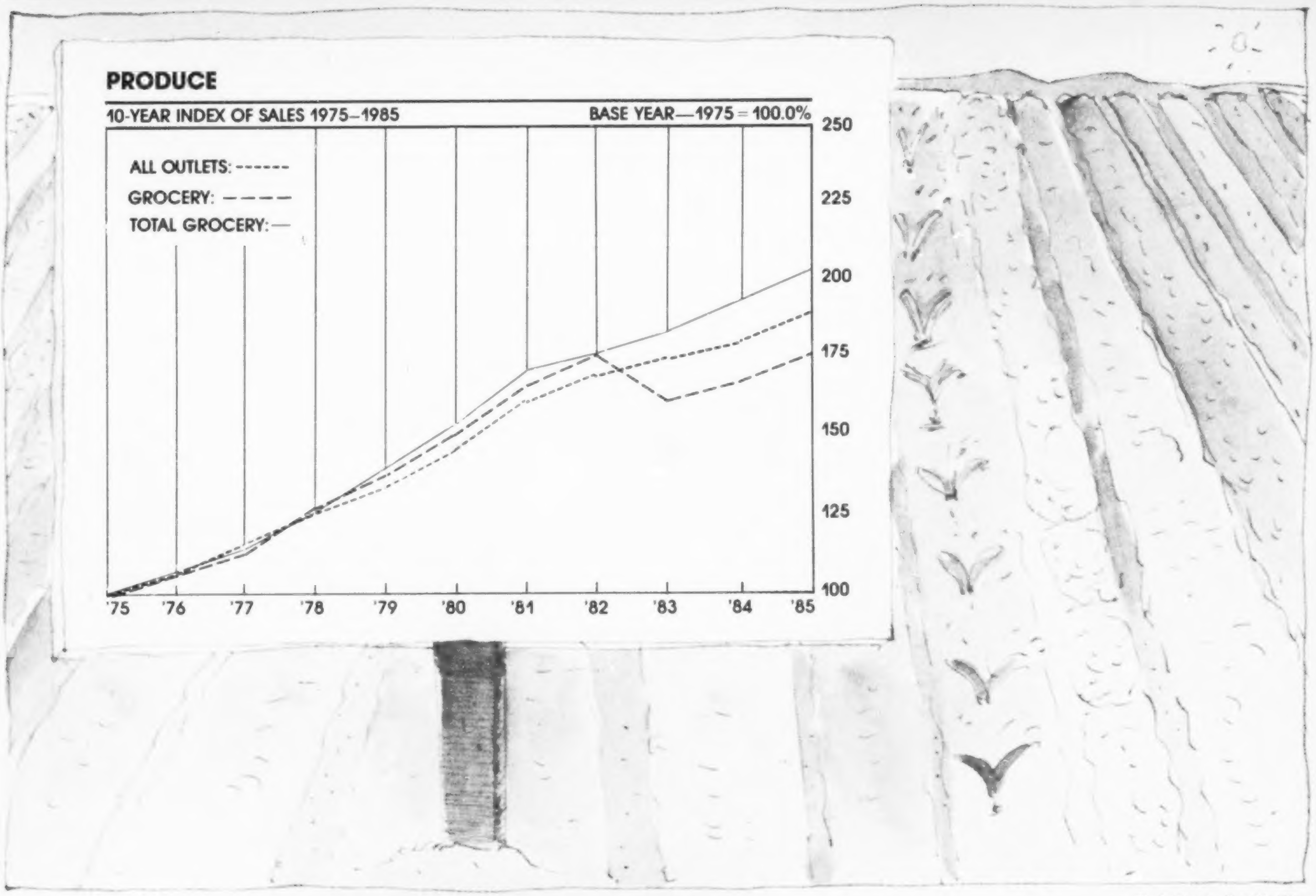

Illustration by Debbie Tilley

PRODUCE

Produce sales continue to be healthy, as health-minded Americans buy more fresh fruits and vegetables, and as retailers market produce more creatively.

"We think produce is close to being the most important department of the store," says Joe Raymond, group v.p. merchandising for Vons Pavilions. He was speaking about the company's new store in Garden Grove, Calif., and its decision to station the produce department in the middle of the store, right behind the checkouts. "It's a really strong category," says Raymond, "and we want to show that we've made a real commitment to produce, over the next eight to 10 years."

Vons isn't the only company to bank on produce—although its new Pavilions store has one of the most glamorous-looking departments in an increasingly glamorous category. All across the country, retailers have shown renewed interest in produce. Produce is one of the centerpieces of a store's image, and an increasingly important part of its sales.

"Especially as the Fall 1986 season approaches, our company in total is making fresh produce a top priority," says William Vitulli, vice president—government and community relations, for A&P (Montvale, N.J.). "Not too many years ago, we had maybe 300 items in the produce department. Now, we have maybe 1,000 available."

Produce sales continue to grow at a healthy clip, according to figures in SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES). Produce sales still represent 9.06 percent of total store sales; and sales grew 4.1 percent from 1984 to 1985.

The largest-volume fresh vegetables recorded by CES—carrots, celery, corn, lettuce, mushrooms, onions, potatoes and tomatoes—all showed sales gains, with potatoes posting an 8.7 percent increase over 1984, and tomatoes a 4.9 percent rise. In the fresh fruit category, apples grew at 6.3 percent, and citrus fruits 6.2 percent. All other fresh fruits grew 6.1 percent.

Large volume increases

An average household spent $5.33 a week on produce, up 4.1 percent from the year before, according to figures from CES. Fresh fruit and vegetables showed some of the largest volume increases in dollar sales in 1985. Americans are indeed eating more produce.

More supermarket retailers are treating produce as a value added product rather than a commodity. This is where future growth lies for the produce industry, observers say. "I think the supermarket industry is still very excited about produce," says Dr. Thomas Pierson, professor, food industry management program, Michigan State University.

"But to keep the momentum going, retailers will need even more imagination and creativity."

Produce has grown tremendously in importance at the supermarket over the past 10 years or so. "The produce industry, unlike the meat industry in terms of basic consumer demand, has had the wind at its back," Pierson says. "Many produce items are considered lighter food, and that's been very favorable," especially in this age of healthful eating and "lite" marketing strategies.

Nutrition

Probably the number one push for produce has been in the area of nutrition and health. Many stores provide nutritional information about the produce they carry. Vons, for instance, posts information, including preparation suggestions, about each produce item in the department. Many commodity groups, such as those for lettuce and potatoes, have done a lot of work in promoting the nutritional aspects of produce.

Potatoes, for example, have benefited especially from this kind of promotion. "My guess is that the fast-food operators are responsible for some of this," Pierson says. Although The Potato Board has done a lot of work promoting the potato as a low-calorie nutritious vegetable, the fast-food operators, with their special stuffed baked potatoes, for instance, "have taken the potato from a ho-hum commodity to something exciting from a taste standpoint." Some supermarkets, such as Randall's Flagship in Houston have baked potato bars.

This also plays right into the area of convenience, which is more important to today's time-pressed consumers. Salad bars have also capitalized on this. "To the extent that salad bars are successful, they provide convenience," Pierson says. "For single- and two-person households that have to go out and buy, for instance, a head of lettuce or broccoli, there's a lot of waste, and they have a lot of preparation. The salad bar provides that convenience."

And so convenient

But Pierson thinks that often the produce industry can overlook the convenience aspect of produce as a promotional tool. "Many items have a built-in convenience, for instance, table grapes," Pierson says. "The California grape industry has done a terrific job of selling grapes as a snack item."

Perhaps one of the most important developments in produce has been the emphasis more and more retailers are placing on service, on the produce department as a service department. In a talk on produce marketing challenges that Pierson gave at the Food Marketing Institute (FMI) annual convention a few months ago in Chicago, he urged retailers to stress service.

"One of the examples we gave is Lund's, in Minneapolis," Pierson says. It set up a produce service island. A lot of the trimming and preparation that typically is done in the back room is done on this service island. That puts the produce clerks out on the sales floor where they have the opportunity to interact with shoppers, to tell shoppers about the products that they're working with, to help shoppers who have questions.

Shoppers want to know

"You know," Pierson says, "that's really where consumer understanding of produce lags. Produce is not the kind of item that you can have with a recipe on the package, since most is sold in bulk. Shoppers want to know more, they want to know about produce. Service is one of these ways. It's an extension of the entire service concept. You have service deli, service bakery, service seafood, cheese, meats—where products are presented with some merchandising flair and there's somebody there who can give shoppers the confidence to buy something and the understanding they sometimes need about products. I'm not saying that every supermarket needs service personnel for produce. It's an idea, though, that can be used to increase produce sales."

Kroger doesn't have produce service personnel, but it provides an image of service by having a lot of produce weighed in the department, rather than at the checkout, as is done so often today. ShopRite's "The Experience," in Edison, N.J., has a produce prep department with a large window so customers can see the preparation. Not only does it add a bit of theatricality to the produce department, it enhances the store's service, hands-on image. O'Malia's in Indianapolis has an open back-room cooler section for produce, an idea that owner Joe O'Malia admits he "borrowed" from Stew Leonard's in Norwalk, Conn.

The notion of turning the produce section into a virtual service department does not appeal to everyone. A&P's Vitulli says that pulling product preparation out front "would detract from the decor of the store," and with A&P's emphasis on style with its black-and-white Futurestore, decor is a major consideration.

The produce department, as retailers know, has grown tremendously in the past 10 years or so. The average supermarket carried 65 produce items in 1975, and latest figures, Pierson says, show that today a supermarket has about 216 items in the produce department.

An expansion of commodities

"While it's true that we've had a great increase in specialty items," Pierson says, "I believe that the majority of the increase has come from an expansion of products within traditional commodities. Let's take carrots as an example. The traditional package was the one-pound package. Today you've got bulk carrots, carrots with the tops on, mini carrots, mini-carrots with the tops on, crinkle-cut carrots in poly bags," Pierson says.

"I think we need to have a continuing flow of new products," he says. "This year, for example, baby vegetables are the big thing. They were a hit in foodservice, now they're at the produce department."

Pierson says some caution must be exercised. "I think our industry is going to have to be careful that they're not just throwing darts with blindfolds on, with all of these new products. They will have to become research-oriented to find out whether the new item has a chance of success. The produce industry is moving into a marketing age. We're not just marketing 65 commodities anymore. It's many different items."

In addition to the influx of new products, retailers are offering better quality and more consistent standards. "One of the real issues is consistency," Pierson says, "as shippers sell to the retailer something consistent every time."

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New packaging changes are in the offing. Retailers are offering cut-up vegetables for stir-frying or microwaving.

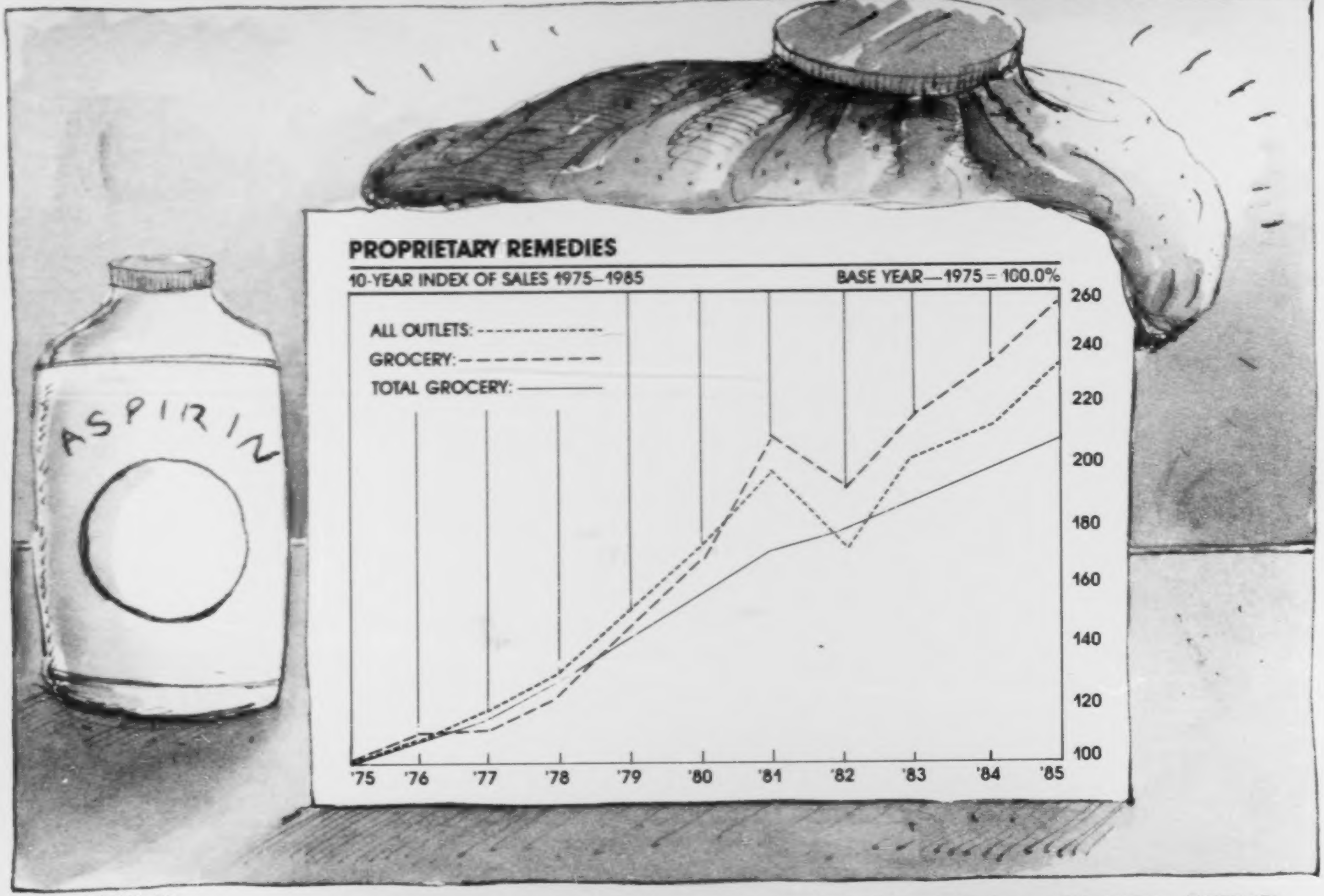

Illustration by Debbie Tilley

PROPRIETARY REMEDIES

After posting healthy gains in 1985, the internal analgesics market was again beset by product tampering. But over-the-counter availability of some former prescription drugs and strong brand loyalty should continue to boost sales of proprietary remedies.

Overall, 1985 was a great year for proprietary remedies—one of the best ever. According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), most subcategories finished off the year in robust health. Double-digit sales increases were recorded for contact lens solutions (+39.7 percent), first aid products (+10.1 percent), packaged medications (+11.3 percent), antacids (+11.5 percent), cough and cold remedies (+13.4 percent), diarrhea remedies (+12.6 percent), hemorrhoidal ointments (+10.8 percent) and extra-strength internal analgesics (+10.8 percent), among others.

But 1986 brought more than its usual share of headaches. On February 8, Diane Elsroth, 23, of Peekskill, N.Y., died after taking cyanide-filled capsules someone had managed to place in a triple-sealed bottle of Extra-Strength Tylenol.

Johnson & Johnson, the New Brunswick, N.J., company that spent $100 million in 1982 to repackage Tylenol after poisoned capsules caused the deaths of seven Chicago-area residents, went into action. It coordinated a recall of 15 million packages of capsule products and replaced them with caplets (tablets shaped like capsules), an operation costing an estimated $150 million.

Other manufacturers developed emergency plans to deal with similar crises, and as the year wore on, some had the opportunity to put them into practice.

In March, investigators in Houston and Orlando found rat-poisoned Contac cold capsules and Teldrin allergy medication, both made by SmithKline Beckman (Philadelphia). The company responded with an $8 million plan to recall all its over-the-counter (OTC) capsule products and switch to sealed capsules and caplets.

Then in June, two Seattle area residents died after taking cyanide-filled Excedrin capsules. Bristol-Myers (New York) responded with a plan to substitute the 10 percent of its products sold in capsule form with caplets, a move that cost an estimated $38 million.

A few days later, Seattle investigators found cyanide-laced capsules in a bottle of Anacin-3. At press time, American Home Products (New York) hadn't announced plans to drop capsules. But voices throughout the industry could be heard saying "enough is enough."

"The Seattle tampering case did it," says Don Merritt, health and beauty aids (HBA) buyer at the White Stores, a

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Concern over capsules could force many acetaminophen users to switch to coated ibuprofen tablets. But the newer drug isn't expected to sweep the analgesics market.

PROPRIETARY REMEDIES

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47-store chain based in Knoxville, Tenn. "We pulled all our remaining capsule products from the shelves, and we're not going to restock them."

Merritt isn't alone. Washington's State Board of Pharmacy issued a temporary ban on all nonprescription capsule products a day after the Anacin-3 discovery. Safeway Stores went a step further by pulling all its capsule products, including some 68 types of nonprescription remedies and vitamins, from 188 stores in Washington, Alaska, and parts of Idaho and Montana.

The debate continues

For many consumers, the fear of tampering has translated into a fear of capsules. Newspaper polls are showing 68 percent of respondents saying "never again" to capsule products. Retailers are reporting losses of 60 percent in capsule sales. Some add that capsule losses are hurting the growth of other proprietary remedies.

"The whole category is down," says White Stores's Merritt. "People don't want capsules, and it's bled over into other products, whether they're caplets, tablets or liquids. They say, 'Oh, I've got a headache. But I think I'll put up with it until it goes away.'"

But others in the industry consider fear of capsules to be the problem. The capsule-committed will be waiting to see if the two-piece formulation, strong for so long, will bounce back from the current slump.

"Capsules are still viable," says Alan Wachter, a spokesman for SmithKline Beckman. "The response from the trade has been very strong—it's exceeded our expectations. And I think in the final analysis, consumers will show them to be the preferred dosage form."

In early August, SmithKline began a full-blown advertising campaign reintroducing its $100 million Contac brand cold remedy in caplet and capsule form. The transparent capsules, wrapped with a band enclosure, are sealed in blister packs, cardboard packaging, and sealed again in a safety overwrap.

Phyllis Payton, HBA buyer for the two IGA Foodliners operated by Maysville Foods Inc. (South Zanesville, Ohio), has already put an order in for Contac in both forms. "People prefer capsules. They think they work better, and they're easier to swallow. They're angry, having to switch to caplets."

But Payton adds that anger and a general fear of tampering have kept analgesics sales down. "Tylenol was my best seller. The caplets have been picking up some of the lost sales, but not all. We're down by about 20 percent."

Elsie Behmer, a spokesman for Johnson & Johnson's McNeil Consumer Products division, says Tylenol sales nationwide have nearly recovered from the tampering incident and the company has decided to stop selling OTC capsules.

"We're 96 percent back," she said. "We don't have any regrets with the decision. There's been very little consumer resistance to caplets."

But as the analgesics manufacturers and retailers recover from the most recent tamperings, they remain vulnerable to the whims of the unknown tamperer. Improvements in packaging will make it harder for tamperers to poison consumers at random, but can't keep them from hurting profits with phone threats and noticeable tampering. And most drug manufacturers agree that no form of packaging offers 100 percent protection against tampering.

The ibuprofen invasion

With tamperings putting brand loyalty to the test, the analgesics market, usually all but impenetrable, could become receptive to new product introductions. The biggest winner may be the lineup of ibuprofen-based products, scheduled to appear after September 24, when the exclusive rights to ibuprofen shared by American Home Product's Advil and Bristol-Myers's Nuprin expire.

Advil and Nuprin have carved a 9 percent niche in the $1.9 billion analgesics market since mid-1984, when ibuprofen went OTC. Ibuprofen, sold behind the counter as Motrin and Rufen since 1974, had become the fifth most popular product among all prescription drugs by the time of the OTC conversion, generating some $250 million in annual sales for pharmacies.

Advil is the leading ibuprofen, with about 6 percent of the total analgesics market. Nuprin follows with about a 3 percent stake. But those figures could quickly change this fall, as Johnson & Johnson, Sterling Drug and others thunder into the market.

With heavy consumer advertising touting ibuprofen-based products, acetaminophen and aspirin products will almost certainly lose share. But the drug isn't expected to sweep the category.

Ibuprofen, like aspirin, can reduce tissue swelling. But, also like aspirin, it can cause upset stomachs. Some physicians say that the remedy, used daily over long periods of time, could cause stomach and kidney damage.

Acetaminophens like Tylenol, Anacin-3, Panadol and Datril are not anti-inflammatory, but doctors prefer them for children because of the link established between aspirin and Reye's syndrome in recent years.

The serendipity factor

While ibuprofen has its drawbacks, its current formulation as a coated tablet works to its advantage with new consumer concerns about tampering. The coating, added to make the pills easier on the stomach, could also thwart an attempt to secretly lace them with poison.

Serendipity has played a crucial role in the success of other health aids during 1985, most notably Tums products, made by Norcliff-Thayer Inc. (Tarrytown, N.Y.). The tablets, marketed since the 1930s as an antacid, are still riding the crest of a huge upsurge in consumer interest in calcium and lower sodium intake.

"Sales started picking up as early as November-December 1984, and they haven't peaked yet," says Paul Madzik, assistant product manager of Tums. "Consumer purchases have increased 40 percent over last year, and we're now the leading tablet antacid, with more than 34 percent of the market," he adds.

Part of the credit goes to Norcliff-Thayer for pouncing on the shift in consumer awareness. Tums, a calcium-carbonate formulation, started milking its mineral benefits with high impact labeling shortly after stories about osteoporosis and low calcium intake began appearing in health magazines.

The word "antacid" still appears in fine print on the labels of Tums rolls and bottles,

The home health care movement may increase demand for home diagnostic kits, but many grocers find them too expensive, bulky and slow-moving to stock.

but it is easily dominated by two recent additions—"sodium free" and "calcium rich." One Tums tablet, Madzik says, fulfills 20 percent of the U.S. recommended daily allowance for calcium.

Mixed scores on test kits

Increasing awareness of calcium and other nutrients is part of a multi-faceted movement toward better home health care. Consumers are also monitoring their health with medical diagnostic kits that they can use, easily and accurately, in the privacy of their own home.

The range of home health tests continues to grow. Since the late '70s, manufacturers have rolled out faster pregnancy tests, glucose blood tests for diabetics, tests for blood in the stool (an early symptom of colorectal cancer), ovulation predictors and thermometers with a digital readout, among other kits and gadgets.

But while the diagnostics products can be found at most drugstores, many grocers consider them too expensive, bulky and slow-moving to stock.

"We've never really considered stocking them before," says Mark Padgett, vice president of Padgett's Food Stores, a chain of two supermarkets and one convenience store based in rural Star Lake, N.Y. "Our supermarkets are about 5,500 square feet, with 16-foot sections for HBA. I'm sure we wouldn't have room."

"The category is in its infancy right now," says Gary Crawford, cosmetics and HBA buyer for Randall's Food Market (Houston). "It's got a lot of future potential. It's high-priced now, but the prices will probably come down in the future."

Rx to OTC

So far, food stores haven't made a raid on drugstore profits with a huge volume of sales in the diagnostic test kit area. But they're enjoying strong sales with new OTC products that were once available only with a prescription.

The sales performance of the first Rx to OTC product—acetaminophen—gives an indication of the potential profits supermarkets can reap from a change in FDA status. Johnson & Johnson's Tylenol brand earned $525 million in 1985, with a large share going to supermarkets.

A more recent Rx to OTC success story, still in the making, involves the OTC availability of Benadryl, an allergy medication from Warner-Lambert's Parke-Davis division (Morris Plains, N.J.). Nonprescription Benadryl is already doing four to five times the volume that it earned as a prescription drug.

"It's been a phenomenal success," says Joe Masse, vice president of sales. "Benadryl went from Rx to OTC a little over a year ago, and now leads the allergy medications market with a 30 percent share."

Before nonprescription Benadryl was introduced in May 1985, Schering Corp.'s (Madison, N.J.) Chlor-Trimeton led with 45 percent of the market. The introduction of Benadryl and other products made Schering's share plummet 15 points, but actual damages to Chlor-Trimeton sales were blunted by the category's rapid expansion—last year's $110 million market is now swelling past $160 million.

Other prescription products, like Burroughs Wellcome's (Research Triangle Park, N.C.) topical first aid cream, Neosporin G, have been denied FDA approval for OTC use because the "G" ingredient, while safe, was deemed ineffective by the agency. "We disagreed, but there was nothing we could do," says Marilyn Sandorf, product manager.

Regular Neosporin, Sandorf says, has been available without a prescription since it was introduced 36 years ago. By dint of trade promotion and strong brand loyalty, it still leads the $200 million topical first aid products category with an 18 percent share (the category excludes hydrocortisones, hydrogen peroxide and petroleum jellies).

Brand loyalty

The fact that an OTC product such as Neosporin could maintain its market prominence for three decades with no consumer advertising attests to the strong reluctance among consumers to switch from established, trusted brand names.

But brand loyalty is a two-edged blade for retailers. Customer loyalty to a particular product also means loyalty to the store that stocks it. But retailers hoping to simplify things by stocking a minimal number of high-turning health aids could feel the blade cut the other way.

"If a customer comes in and asks for something and we don't have it, we try to get it in," Padgett's Mark Padgett says. "We'd like to offer a smaller number of items, and concentrate on the fast-moving ones. But unfortunately, it doesn't work that way."

Selection is key

Contact lens solutions comprise one of the most dynamic categories for healthy health aids sales, especially in food stores. Dollar volume for 1985 was up a whopping 39.7 percent over food store sales in 1984, contributing to the 6.6 percent increase in health aids as a whole. And while those percentage increases might not be sustained in years to come, the eye care category continues to expand with no downturn in sight.

"We just completed a three-year strategic forecast, looking out over the future, and it looks like the growth will continue strong," says Joe Doran, vice president-sales for Bausch & Lomb (Rochester, N.Y.).

About 24 million of the 143 million people in the country who are vision-impaired now wear contact lenses, and changes in lens technology are winning over still more of them. Some 16 million now wear soft lenses, a figure that is expanding at the rate of 2 million a year. Four million with problems like astigmatism now wear the new variety of rigid gas-permeable lenses. Four million more are sticking things out with regular hard lenses.

With profit margins between 30 and 35 percent and total inventory turning 18 to 19 times per year, contact lens solutions are more profitable than many other proprietary remedies. But in other ways, the lens care subcategory functions as a microcosm for the whole.

"There's not a lot of brand-switching—people buy on their doctor's recommendation," says Bob Novander, Bausch & Lomb's director of marketing research. "One of our studies showed that 70 percent of consumers would switch stores before they'd switch brands."

The challenge, Novander says, has been persuading food store retailers to grant enough shelf space to the category to make it work. The same could be said for health aids in general. —FRANK HAMMEL

SAMI UPDATE

BY ALAN MILLER JR.

June HBA Food Store Sales Trail Year-Ago Performance in Units But Exceed in Dollars

As product-tampering incidents continued to plague sales of health care items, some skin care items had unusually high seasonal fall-offs. Yet, despite these deterrents, HBA sales registered a gain in dollars.

During the four-week period ending June 20, 1986, food store unit sales for all health and beauty aids (HBA) categories measured by SAMI were down 1.5 percent compared to the corresponding period a year ago. But the June 1985 period was strong, with sales advancing 4.4 percent over the similar period in 1984.

The June 1986 reporting period also saw continued weaknesses in the sales of frozen foods (off 0.8 percent on a poundage basis) and shelf-stable foods (down 0.1 percent in unit sales). On a dollar measurement basis, however, HBA volume increased 2.4 percent.

One possible reason for the recent lethargy in sales of health items is consumer caution as a result of product tampering and poisoning episodes. Reports of new incidents occurred endlessly as the spring wore on, and trying to predict where or when the culprits would make their next strike became impossible.

Also, buying patterns of HBA items often depend on the weather, which can affect consumers inside and out. Last year, for example, sales of cold products (except for chest rubs) were up over June 1984. This year, though, high loss rates were recorded for nasal sprays and cough remedies in particular, which suggests that the respiratory virus population was less aggressive.

Three losses, four gains

Among the eight product groups, three had losses, four had gains and one (skin care aids) had a gain so small it is designated as no change. The three product groups with losses were baby needs (-6.6 percent), oral hygiene (-8.3 percent) and shaving needs (-4.1 percent). Bouncing back after recording losses in May were the deodorant and first aid product groups, which each had increases of 1.7 percent.

Among the product categories, losses outweighed gains 29 to 21. In May, the score was 30 to 20, losses over gains. As in May, the lip care products category posted the largest gain (+32.7 percent).

Once again, the baby needs product group reported losses in all four categories, ranging from a 14.0 percent loss for baby powders to a drop of only 2.4 percent for nursing supplies. Although sales in the baby oils-cream-lotion category fell 4.6 percent, within this category sales of lotions were ahead 9.9 percent and sales of petroleum jelly were marginally ahead of the June 1985 pace. In the infant clothes category, the weakness is more in sales of vinyl products than knitware.

Only three of the eight categories of personal deodorants measured by SAMI posted minus trends, as compared to six during the previous reporting period. Sales of all spray deodorants dropped 7.0 percent because of the poor performance among regular deodorant sprays (-19.0 percent) and an even greater downswing among body sprays (-25.0 percent). However, the most important class of spray deodorants, spray antiperspirants, was down less than 1.0 percent from a year ago.

Roll-on deodorants went from a minus in May to a small plus in June, thanks to the appearance of new Arrid Glide-On in most SAMI markets and an expanded distribution for Mennen's Real antiperspirant.

Stick deodorants once again enjoyed a double-digit rate of gain (+10.1 percent). Deodorant stick volume was down but antiperspirant stick volume improved, partly because of the appearance of Gillette's Dry Idea.

The gain in the foot deodorant and athlete's foot remedy category was aided by the strong performance of powder sprays (+14.0 percent) and creams (+7.0 percent). Sales declines occurred in cream deodorants (-13.2 percent) and feminine douche products (-1.0 percent).

Both first aid product categories recorded gains over the year ago period which, in turn, had shown increases over June 1984. After posting a large loss in May, aerosol antiseptics moved to a gain, and creams/lotions/ointments moved up 21.0 percent. Benadryl completed a national roll-out in this category. First aid products also moved from a loss to a gain as a result of strong performances by private label items and adhesive bandages.

Hair care volume falls

Only one category of hair care needs had increased sales for the June period, but an increase of 1.3 million hair spray units was sufficient to provide a gain of 1.2 percent for the entire product group. Part of the activity can be attributed to volume from new brands, including Clairol Condition and L'Oreal Studio.

The hair setting needs category showed a loss for the first time since hair styling mousses appeared on the market. Mousse volume was off 13.5 percent but all other setting needs rose 63.0 percent. New brands in the category since June 1985 were Pazazz, L'Oreal Studio, White Rain and Revlon Flex.

Shampoo unit volume declined 0.8 percent despite gains from all-purpose shampoos and the introduction of such new brands as Aqua Net and L'Envie. Conditioning shampoos as a product class were weak.

Hair conditioners moved from a gain of 5.2 percent in

SAMI UPDATE

HEALTH & BEAUTY AIDS:
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO		
	4 WEEKS ENDING 4/25/86	4 WEEKS ENDING 5/23/86	4 WEEKS ENDING 6/20/86
BABY NEEDS	**– 5.4%**	**– 4.7%**	**– 6.6%**
Baby Powders	– 18.0	– 15.5	– 14.0
Baby Oils, Creams & Lotions	– 3.8	– 1.2	– 4.6
Infant Clothes	– 16.6	– 7.6	– 12.8
Nursing Supplies	+ 2.8	– 1.7	– 2.4
DEODORANTS	**– 0.5%**	**– 2.9%**	**+ 1.7%**
Sprays	– 6.1	– 9.2	– 7.0
Roll-Ons	– 1.5	– 3.9	+ 0.8
Stick Deodorants & Pads	+ 6.5	+ 1.6	+ 10.1
Creams	– 9.5	– 13.9	– 13.2
Deodorants & Talcum Powders	+ 20.6	+ 13.0	+ 3.2
Feminine Hygiene Deodorants	+ 2.6	– 8.5	+ 2.4
Foot Deodorants & Athlete's Foot Remedies	+ 3.1	– 2.3	+ 4.4
Feminine Douches	– 10.8	– 2.2	– 1.0
FIRST AID	**– 0.8%**	**– 1.9%**	**+ 1.7%**
Antiseptics	+ 2.5	– 4.7	+ 3.0
First Aid Products	– 1.7	– 1.0	+ 1.3
HAIR CARE NEEDS	**+ 6.4%**	**+ 4.3%**	**+ 1.2%**
Shampoos	+ 0.9	– 0.3	– 0.8
Hair Sprays	+ 17.6	+ 17.0	+ 15.0
Hair Conditioning Rinses	+ 7.6	+ 5.2	– 4.2
Hair Setting Needs	+ 23.5	+ 12.7	– 0.7
Home Permanent Kits	– 9.9	– 13.2	– 5.2
Hair Coloring	+ 2.6	– 8.3	– 1.4
Hair Dressing Needs	± 0.0	+ 2.3	– 2.5
ORAL HYGIENE	**– 5.3%**	**– 9.3%**	**– 8.3%**
Toothpastes & Powders	– 8.7	– 14.4	– 13.0
Mouthwashes	+ 7.1	+ 7.4	+ 2.1
Breath Fresheners	– 4.0	– 2.6	+ 3.9
Denture Cleaners	– 6.3	– 5.1	– 2.6
Denture Adhesives	– 4.6	– 2.1	– 4.8
Toothbrushes	– 4.6	– 6.9	+ 1.0
PROPRIETARY REMEDIES	**+ 3.2%**	**+ 3.0%**	**+ 1.0%**
Antacids	+ 3.7	+ 1.4	+ 2.0
Internal Analgesics	+ 5.2	+ 3.8	+ 2.2
External Analgesics	+ 7.9	– 4.4	+ 1.3
Cold Tablets	+ 2.6	+ 3.3	+ 3.0
Nasal Sprays—Drops—Inhalers	– 6.3	+ 0.2	– 7.2
Chest Rubs	– 5.4	+ 2.0	– 2.6
Cough Remedies	– 3.8	+ 4.6	– 6.3
Laxatives	+ 2.8	+ 0.6	– 1.2
Sleeping Aids	+ 1.9	– 0.2	+ 0.3
Tranquilizers	– 13.4	– 13.8	– 13.0
Synthetic Vitamins	+ 3.5	+ 6.5	+ 5.4
Eye Care Products	+ 11.6	+ 4.6	+ 2.4
Appetite Suppressants	+ 21.1	+ 27.3	+ 22.3
SHAVING NEEDS	**+ 0.5%**	**– 1.9%**	**– 4.1%**
Shaving Creams	+ 6.0	– 0.2	+ 2.5
Pre-Shave Lotions	– 2.9	– 10.9	– 7.9
After-Shave Lotions	– 4.1	– 10.8	– 13.5
Razor Blades	– 1.0	– 1.2	– 5.3
Razors & Blades	+ 3.0	– 3.0	– 13.1
SKIN CARE AIDS	**+ 7.3%**	**+ 7.8%**	**± 0 %**
Hand & Body Creams & Lotions	+ 8.6	+ 10.6	– 3.3
Facial Preparations	+ 3.6	+ 3.5	– 2.6
Lip Care Products	+ 25.8	+ 48.6	+ 32.7
Suntan Lotions & Oils	+ 10.2	– 1.7	– 1.8
Cosmetic & Medicated Skin Aids	– 4.9	– 5.4	– 5.2
TOTAL ALL CATEGORIES	**+ 1.2%**	**– 0.5%**	**– 1.5%**

May to a loss of 4.2 percent. Volume contributed by new brands such as Affinity, Aqua Net and L'Envie was not enough to erase losses for heavy-duty conditioners, among other product classes. Hair colorings dropped 1.4 percent despite the growth of creme tints. Semi-permanent tints and shampoo-coloring classes were weak. The 2.5 percent loss for hair dressing needs was triggered by small sales reversals for men's and unisex items.

In the oral hygiene product group, gains and losses were equally divided, with three apiece. The highest loss rate, unfortunately, is found in the highest volume category—toothpaste and powder (-13.0 percent). The declines are stemming from a weakness among tubes, both paste and gels, as well as polishes. New among pump dispensers since a year ago are Close-Up and Ultra Brite.

Continuing losses were reported for denture cleaners and denture adhesives, which declined in volume from a year ago 2.6 percent and 4.8 percent respectively. A gain of 2.1 percent for mouthwashes was attributable to gains for non-fluoride items. Topol mouthwash was rolled out during the year, providing new sales volume. Toothbrushes moved from a loss rate in May to a gain of 1.0 percent in June, with new Aim helping to bolster sales.

Remedies rise slightly

Eight of the 13 proprietary remedy categories had gains in unit volume, giving the product group a gain of 1.0 percent for June. The highest increase was 22.3 percent for appetite suppressants. New products and roll-outs have helped to swell volume for appetite suppressants, particularly grapefruit plus, Fibre Trim and Fiberfull.

Apart from tranquilizers, where the loss (-13.0 percent) has little significance because of the low volume base, declines were posted for nasal sprays-drops-inhalers (-7.2 percent), chest rubs (-2.6 percent), cough remedies (-6.3 percent) and laxatives and stool softeners (-1.2 percent). No new products were introduced to help swell volume for nasal sprays, drops, or inhalers, and losses were posted for both cough syrups and drops. Dimetapp and Benadryl rolled out during the year, and Delsym Cough Syrup was both a new and national brand.

Laxatives and stool softeners lagged behind the year-ago level in volume, despite growth among powders, granules, citrate of magnesia and phosphate soda, as well as new volume from Gentle Nature and Citracel laxatives. Antacids moved up 2.0 percent as a result of a 5.0 percent gain for chewable products. New brands of antacids appearing during the year included Calcitrel and Remagel.

The beleaguered internal analgesic category showed a gain of 2.2 percent, with ibuprofen brands gains of 87.0 percent offsetting sharp losses for arthritic specialties. Eye care products recorded a gain of just 2.4 percent, the smallest growth rate since these products have been measured by SAMI. However, soft contact lens solution sales are still moving steadfastly ahead. Volume for sleeping aids rose just 0.3 percent.

Shaving cream up

In the shaving needs product group, one category emerged from the red ink during the most recent reporting period. Shaving cream volume increased 2.5 percent. The other categories all had losses: -13.5 percent for after-shave lotions, -13.1 percent for razors and blades, -7.9 percent for pre-shave lotions and -5.3 percent for razor blades. Volume in the entire shaving needs product group fell 4.1 percent below the June 1985 level.

Only one category in the skin care aids group had a gain for this period: Lip care products advanced 32.7 percent because of continued growth for Vaseline line extensions. Hand and body creams and lotions suffered a loss of 3.3 percent—a result of a higher than usual seasonal fall-off, particularly for lotions. Facial preparations also had a loss, after posting a gain in the preceding period. Facial sponges, as a product class, increased 19.0 percent.

Suntan lotions and oils dipped slightly in volume (-1.8 percent), although the tropical sun product class had increased volume. A new product in this category was After Sun, and Nivea After Sun rolled out into new markets.

Cosmetic and medicated skin aids continued to show losses, with the only important new product being Noxema on the Spot. The entire product group gained volume of only 2,000 units, or less than one tenth of a percent. ■

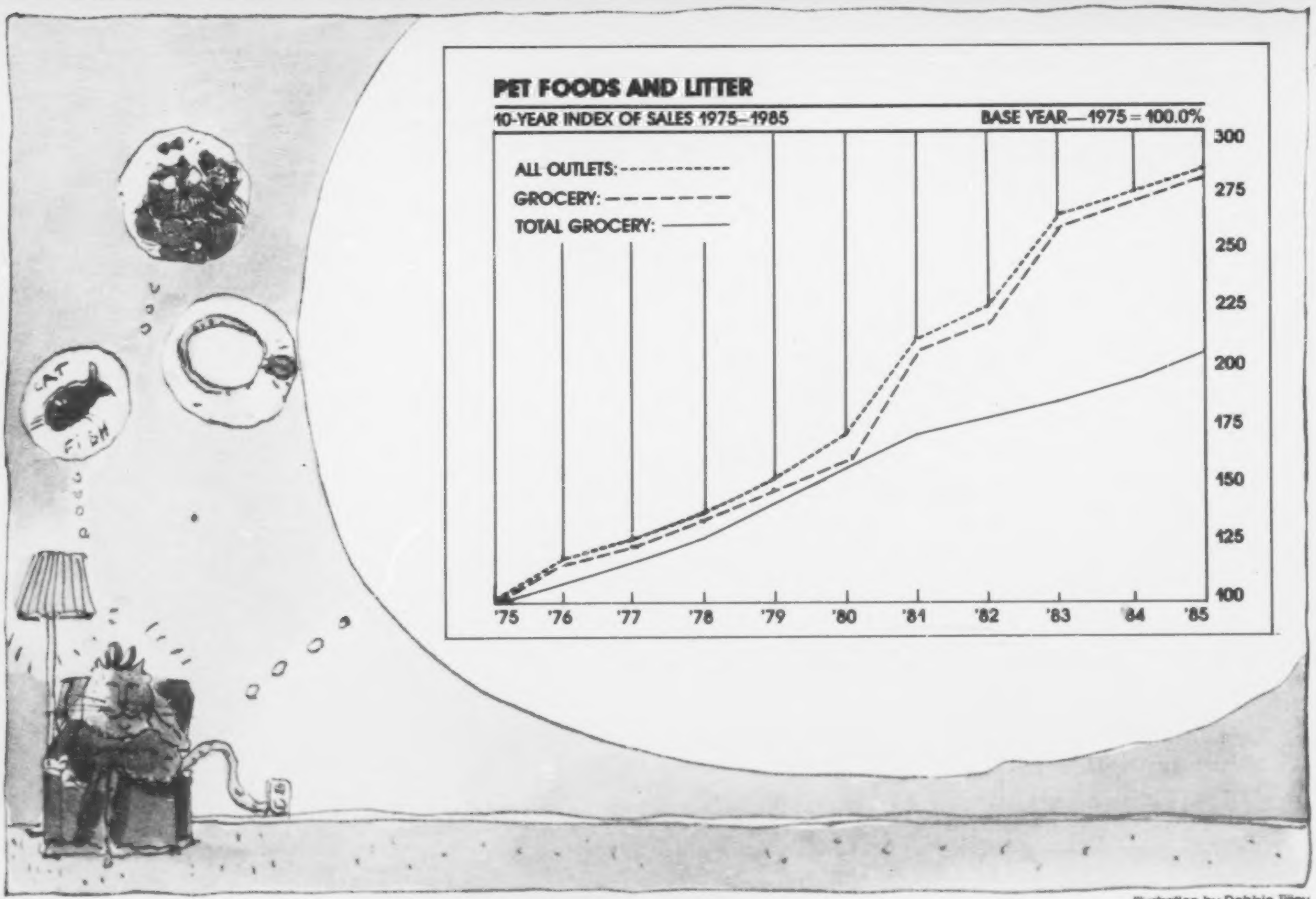

Illustration by Debbie Tilley

PET NEEDS

Deft positioning can help manufacturers avoid head-on competition, with many new introductions diversifying the market and adding to the odds of success.

Thanks to changing demographics and the marketing talents of pet food executives, the average American pet's standard of living is shifting into high gear. Before Purina Dog Chow Checkers were introduced in 1926, the best thing man's best friend could expect from his two-legged buddy was an occasional dog biscuit and a few dinner scraps. And cats were pretty much shunted off to the barn to control the mice population.

Today, there are a dizzying array of products to appeal to pet palates—basic canned and dry foods, gourmet dinners and an increasing variety of after-dinner snacks, treats and chews. And with the average American pet shrinking in size and asking for dinner with more of a "meow" than a bark, the search for novelty items that will make up for flat growth and declining profits for traditional pet aisle products is intensifying.

The most dramatic evidence for the shift from dogs to cats shows up in canned pet food sales. Canned sales account for $1.9 billion of the $5.5 billion consumers spent in grocery stores last year, according to SUPERMARKET BUSINESS's 1986 Consumer Expenditures Study (CES). The canned sector grew by 3.6 percent in 1985, generating $66.5 million more than it did in 1984, and providing a considerable chunk of the $233 million growth in the pet needs category as a whole.

Cats reign

But canned cat food, strengthened by sales from 3-ounce gourmet varieties, roared with the lion's share ($64.8 million) of the $66.5 million growth in canned sales, pushing grocery dollar volume for canned cat food past the $1 billion mark. Growth in canned dog food, by contrast, was a whimper ($1.7 million), limiting dollar increases to 0.2 percent, to a total grocery volume of $864 million.

The top brands in the canned cat category maintained their market position, but shifted slightly as each scratched for share. Heinz's (Pittsburgh) leading 9-Lives brand slipped three points to 25 percent, but stayed ahead of Mars Inc's (Vernon, Calif.) Kal Kan (18 percent), Carnation/Nestle's (Los Angeles) Friskies Buffet (15.5 percent), Carnation's Fancy Feast (10.8 percent), and Ralston Purina's (St. Louis) Purina 100 (7 percent).

Canned dog food brands also kept their rank as they tussled for share in the slow-growing market, with Grand Met USA's (Montvale, N.J.) Alpo

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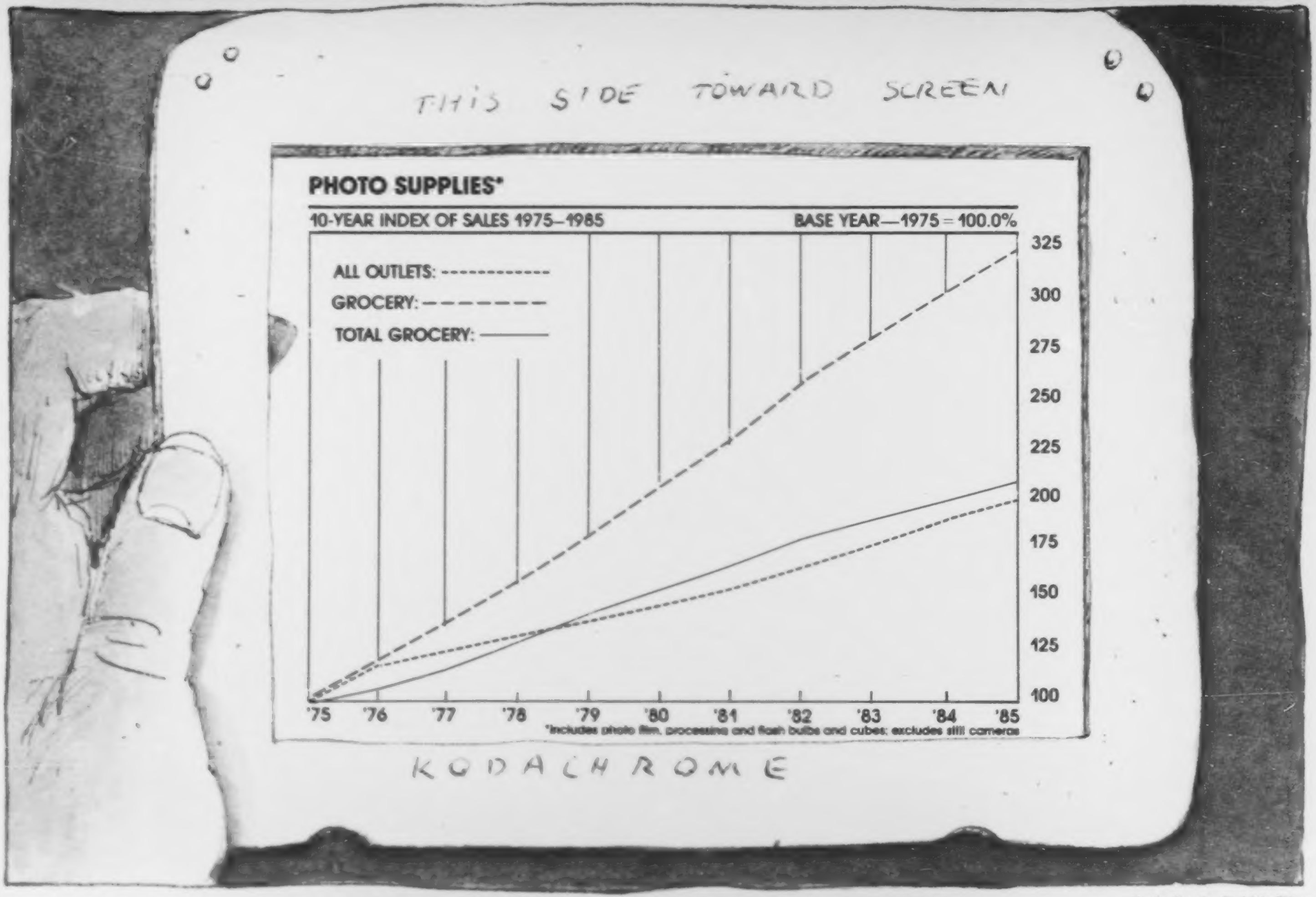

Illustration by Debbie Tilley

PHOTO SUPPLIES

More people are taking more high-quality 35-mm photos. And increasingly, they are turning to their local supermarkets for photofinishing services. Now, instore minilabs for photo processing have created new sales potential for supermarkets.

More supermarkets are using photofinishing services as a means of upgrading their image and attracting more customers. The supermarket represents one of the biggest growth areas for the photo industry. As supermarkets devote more time to nonfoods and service, the opportunities presented by quality photofinishing—especially on-premises photofinishing labs—for more profits make this area a strong one.

"Photofinishing services are growing tremendously at supermarkets, challenging the services offered by drugstores," says Carl Chapman, vice president, general manager for Fuji Photo Film U.S.A. (Elmsford, N.Y.) In addition, Chapman says, "The photofinishing department is becoming part of a store's image, like a service butcher or an instore deli or bakery."

Photo processing at supermarkets grew by 12.3 percent in 1985, compared to 8.1 percent for the processing as a whole, according to figures from SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES).

At Eastman Kodak Co. (Rochester, N.Y.), executives believe that supermarkets represent a good part of the future. "In 1980, photofinishing at supermarkets accounted for 5 percent of total sales. Today that's in the neighborhood of 13 percent, and I think it will grow substantially from that base," says John M. Shimshack, director, retail photofinishing systems division.

Minilabs are growing

The prime growth area for photofinishing at supermarkets is the use of minilabs for on-site custom prints. Kodak, Fuji, Kis (Somerset, N.J.), along with some smaller companies, are all aggressively marketing these labs.

"We've been actively soliciting business from the food industry," says Kis Photo's Phil Frank, vice president, marketing. "A survey we did about a year ago showed that about 5.17 percent of our customers were in grocery and convenience stores. Since then we have been targeting the food industry, and I would estimate that we've increased that business by 2 percent. This is the first year we've been actively soliciting food industry business as a vertical growth industry."

Kis has been marketing its product to nonchain grocery stores in residential neighborhoods. They've met with a great deal of success. Arlie and Kurt Rohde installed a Kis Photo Magnum Speed minilab

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The photofinishing department is becoming more of a store's service image, like a butcher or deli.

PHOTO SUPPLIES

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in late 1984 in their store in Millersburg, Ohio. The store offers one-hour or overnight service. Traffic in their store increased overall and the Rohdes added film and camera sales to their photo services. They created a 120-square-foot Kis photo shop in their 13,500-square-foot store. The minilab business is at about 40 rolls a day for prints and reprints.

At Bag-n-Save in Dover, Ohio, president James A. Stoll spent $35,000 on a Kis processing laboratory, and was so pleased with its performance that he spent another $35,000 on an enlarger that blows up snapshots to poster-sized prints. When he started offering the service, Stoll says he pushed one-hour processing. But the demand for this was so strong that next-day service is the current pitch.

The one-hour approach

Not everyone favors the one-hour approach. Not every market can handle it. "Nationally, photo processing statistics indicate that less than 10 percent of the population wants or requires one-hour service. They want the convenience of dropping the film off easily, and picking it up in a few hours or the next day," says Kis Photo's Phil Frank.

"We don't stress the one-hour service aspect of our equipment," says Frank. "If retailers want to offer one-hour service, they do. Most of our customers do. What I have heard from our customers, though, who are successfully running our printing facilities in grocery stores, is they offer one-hour services, but most people don't stay in the store that long. The retailers prefer to have the customer come back. We stress that it's important to offer quality and service. Generally speaking, one-hour photo processing, or same-day service is a premium service. You can charge and collect a premium price."

"One-hour service is a device to draw people in," says Fuji's Carl Chapman. "But the one hour itself is not enough. There should be a premium result with it, such as prints on glossy stock or four-by-six-inch prints." Among the chains with Fuji minilabs are Giant-Eagle, Vons and Alpha-Beta. Giant-Eagle offers four-by-six-inch prints as part of its one-hour service, Chapman says.

A perception of quality

"The customer perceives that a store with a minilab offers a high quality of photofinishing," says Kodak's John Shimshack. "You have to charge the correct price—so much for one-hour service, so much for overnight service, and so on."

Retailers have to promote their services actively, say manufacturers, if they are to be successful. "In places where they're aggressively advertising and promoting that they have complete photofinishing with a full range of services, retailers are doing extremely well. It takes promotion," says Shimshack. "If they just stick the finishing department or the minilab in the corner, nothing happens. Returns will be proportionate to the amount of advertising and promotion done.

"If you surround the minilab with some attractive design, and combine Kodak with the name of the food store," says Shimshack, "you have a viable approach, the synergy of brand names working together. You'll increase the image of the store as a source for all photo needs, you'll draw increased traffic to the store and more sales."

"One problem with the minilabs," says Fuji's Carl Chapman, "is that the stores have difficulty in identifying this service to customers. They have to promote it."

A store has to be large to have a minilab. Although they are getting smaller and more efficient, they do take up space. And the store has to have a commitment to nonfoods services, as more and more super stores do. But these photofinishing minilabs require servicing, and training of employees. All manufacturers offer free training sessions for supermarket employees. But this requires a major commitment on the part of the retailer to photofinishing.

Training and turnover

Kis, for instance, has a six-day training program. "Initially, we will train the purchaser of the equipment and any employees they want," says Phil Frank. "We pay for schooling. We also advise retailers on employee turnover. We tell them that photo processing is a quality business. If you screw up somebody's film, he's not going to come back. So quality is the prime consideration. Speed is secondary. It is important to keep as little turnover as possible on the people who are doing the photo processing."

Kodak supplements its training with an instore computer-based program, as a way of easing turnover problems. "The way we've approached it," says Shimshack, "is that the computer looks at various functional aspects of the minilab: printing, paper processing, printer controls, balance, that kind of thing. Then we have a learning program, where an operator will have a simulation in front of the screen of the kinds of situations that might arise when photo processing.

"For instance," he says, "suppose the operator has to classify negatives. Color and density have to be judged. The training modules will show the operator a series of negatives to classify. The operator will have to make selections for color and density, and on the screen will be a complete replica of what the control boards look like in reality. The operator will push buttons to indicate desired color and density, and the computer will show how he did it and how it should have been done. That program goes through the photofinishing process. It allows the operators to proceed at their own pace."

On-the-job training

The computer could be used in an area where a chain has a few minilabs, putting the computer into one store. "As they turned over labor," Shimshack says, "they would send new operators to that one store, for computer-based training, under the supervision of someone who's been through the Rochester course."

Of course, this growth in photofinishing and minilabs at supermarkets wouldn't be possible if film and camera sales weren't growing substantially. The number of inexpensive but reliable 35-millimeter cameras has grown tremendously over the past few years.

"Thirty-five millimeter represents about 52 percent of all exposures being taken," says Kodak's Shimshack. "That's come up from just a few years ago. That particular portion will increase disproportionately over the next few years. The technology of 35-millimeter cameras has improved, and you can get terrific pictures from

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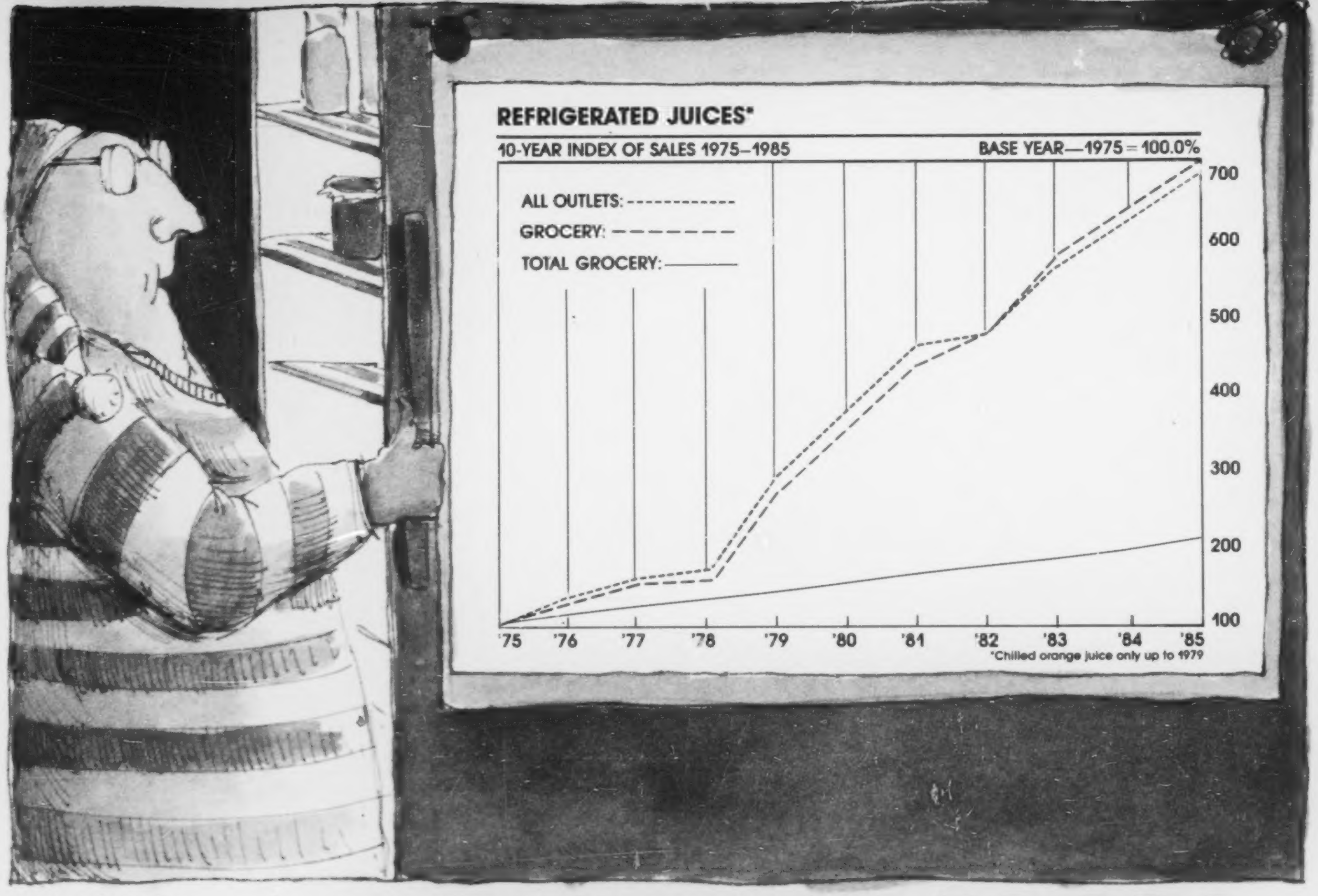

Illustration by Debbie Tilley

REFRIGERATED FOODS

Chilled juices and drinks are heating up, as sales rose 10.5 percent last year. Makers of orange juice and dough products continue to push for more sales space, and the industry is waiting to see how an established giant takes to a new business.

It can be a cold world out there. But for manufacturers of chilled orange juice, dough products and prepared foods, the refrigerated foods case can be a warm, inviting place.

That is, if they can get in there.

Despite the heightened importance of the category—and consumer acceptance and rising sales—new products may find it difficult to secure a spot on the shelf. Fruit juices and dough preparations are dominated by a handful of national marketers with sales clout assembled through years of experience and significant advertising expenditures, and space in the section, reflecting a storewide situation, has not grown substantially.

In the chilled juice business, Coca-Cola Foods (Houston), Citrus Hill, a division of The Procter & Gamble Co. (Cincinnati), and Tropicana, part of Beatrice Companies Inc. (Chicago) are the big powers. Hoping to steal some of their thunder are The TreeSweet Cos. (Houston) and Ocean Spray Cranberries Inc. (Plymouth, Mass.), a company better known for its line of shelf juices and pioneering use of aseptic packaging.

The Pillsbury Co. (Minneapolis) basically owns the refrigerated dough market, and Campbell Soup Co. (Camden, N.J.) is generating considerable consumer and retailer interest with Fresh Chef, a line of salads, sauces and soups.

Hot orange juice

Continued, healthy sales gains for refrigerated juices were demonstrated in 1985. Indeed, according to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), chilled orange juice now outsells frozen concentrate by about $90 million, on $1.46 billion in grocery store sales. That was a 10.4 percent increase from 1984.

The CES shows refrigerated fruit juices and drinks are a $1.85 billion business, a full 96 percent of which, or $1.78 billion, is sold in grocery stores. The category represents 0.67 percent of total store sales, up three-hundredths of a percentage point. Chilled apple juice gained 9.5 percent in groceries last year with sales of $55.5 million, grapefruit juice gained 11.6 percent with $120 million in sales, orange-flavored drinks posted an 11.3 percent gain with $102 million in sales, and other fruit juices and drinks rose 11.4 percent, to sales of $48 million.

Refrigerated dough products, at $562 million in sales at grocery stores, posted a more

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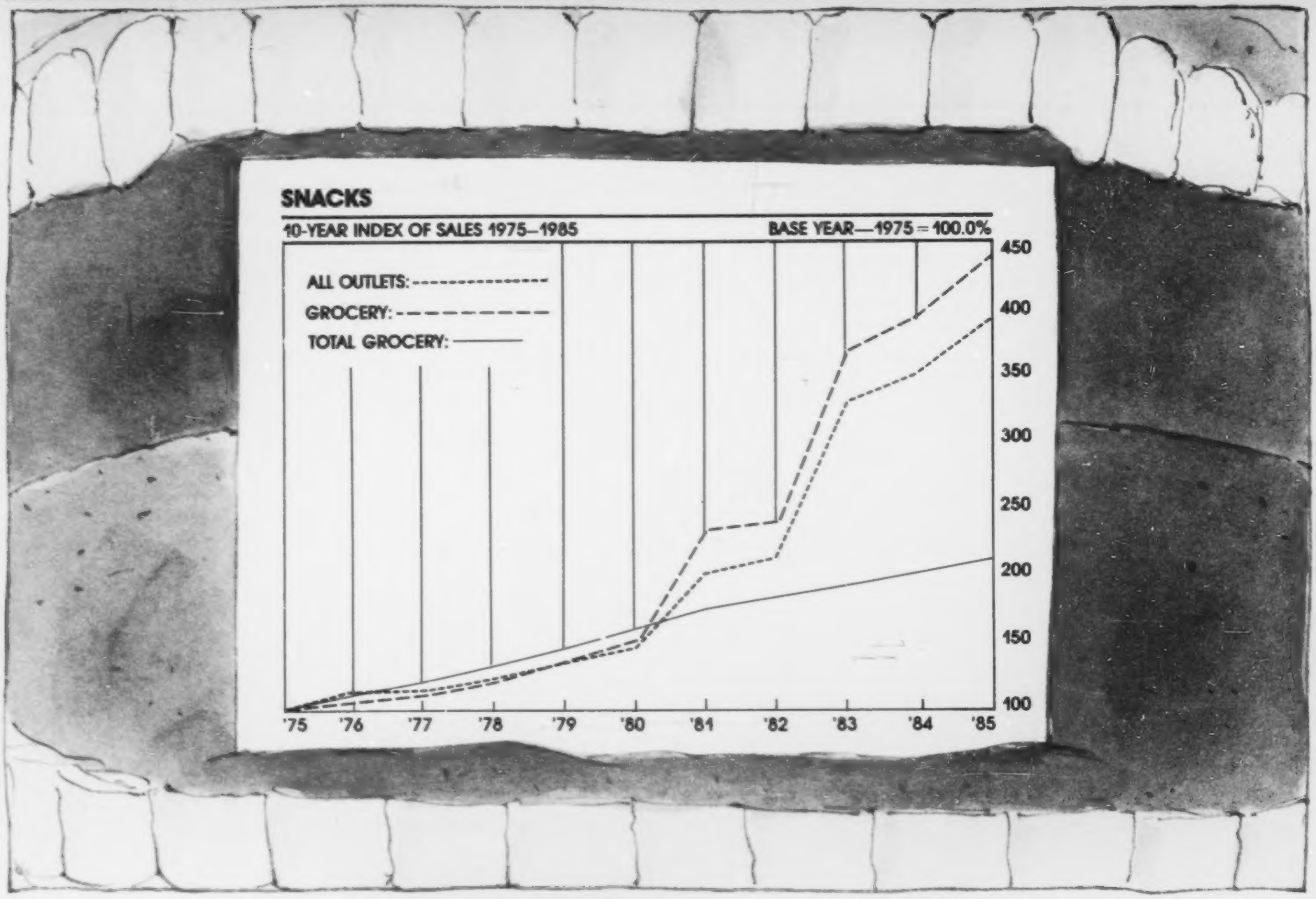

Illustration by Debbie Tilley

SNACKS

It was another strong year for munchies, as supermarket sales gained 9.2 percent in 1985. The old standard, potato chips, is still king, but tortilla chips, strips, popcorn and fruit bars come on strong.

Snack foods remains a paradoxical category: dominated by one company, yet with plenty of business for smaller, regional firms.

Pepsico Inc.'s Frito-Lay (Dallas) added another success story to its book when O'Grady's thick-cut potato chips became its seventh $100 million product line. It joins Fritos, Lay's, Ruffles, Doritos, Tostitos and Chee-Tos.

Yet at the same time, manufacturers from Cape Cod to California have managed to carve out significant presence in the country's snacks shelves. As with other food categories, innovations such as kettle-styled potato chips, tortilla strips and fruit bars began with local firms that had marketing acumen and strong consumer loyalty.

In 1985, potato chips maintained strong movement for an established product category. Corn chips, especially Mexican styles like Doritos and Tostitos, continued to grow. Fruit rolls and bars, a relatively new segment, posted double-digit gains, while unpopped popcorn, including shelf-stable and frozen microwave packages, managed to secure more shelf space.

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), snacks' total sales were $7.46 billion last year, up 8.2 percent. Grocery stores accounted for $4.73 billion, up 9.2 percent. Their share of total sales remained at 63 percent, while percent of total store sales rose seven-hundredths of a percentage point to 1.77 percent.

Fruit bars and popcorn

The biggest percentage gainers were fruit rolls and bars, packaged unpopped popcorn and popped popcorn. Fruit snacks rose 28.3 percent in stores, as sales approached $200 million. Packaged unpopped popcorn gained 17.2 percent in grocery stores, selling $333 million worth of kernels, while popped popcorn showed a 10.3 percent rise in stores on sales of $243 million.

Potato chips, with total sales of $3.2 billion, up 9.2 percent, picked up another $150 million and are now at $1.8 billion in supermarkets, an increase of 9.8 percent. Their share of total store sales are now 0.68 percent. Corn chips, with $1.1 billion total sales, were up 7.3 percent overall, and 7.8 percent on grocery sales of $810 million.

Snack nuts, a $1.7 billion business, gained 4.1 percent overall, and 5.3 percent on store sales of $880 million. Pretzels posted a grocery store increase of 3.7 percent on $260 million in sales, and pork rinds, $187 million at store level, rose 3.9 percent.

In an industry where success can be measured by annual company sales of $50 million, Frito-Lay now has seven *lines* that each do in excess of $100 million. O'Grady's joined the elite group last year, just a year-and-a-half after its national introduction. Frito officials and retailers credit the company's aggressive and experienced sales and marketing team with its track record, and its judicious use of scanning data and direct product profitability (DPP) studies to sell the entire category to supermarket buyers.

The winning chips

"It's a competitive business, but several things work in our favor," says Gregg Overman, Frito-Lay spokesman. "Retailers are getting a better handle on their sales through scanning, and they really don't have to do a darn thing to sell snacks. We've got a high DPP figure and quick turns.

"Retailers are becoming more savvy about what sells and what doesn't, and that can only help benefit their snack foods business. They're also getting smarter with merchandising the category, with promotions, seasonal tie-ins, special displays and cents-off deals. As a company with a stake in the game, it's in our best interests to encourage as many forms of merchandising to create excitement as we can."

Becoming a dominant force in the supermarket requires management not content to rest on its past success, and Frito-Lay demonstrated that last year through its series of line extensions and new product introductions. O'Grady's The Works, a deluxe version with more flavors, rolled national, as did Jalapeno and Cheese flavor for Lay's. Fritos had a Chili Cheese extension, Tostitos introduced a Chilada chip, with a spicy, creamy flavor.

Doritos, designed to appeal to a younger group than Tostitos, debuted Cool Ranch style, which has a taste similar to the salad dressing of the same last name.

Delta Gold was Frito's new potato chip line for 1985. It is positioned, Overman says, "as a premium quality potato chip, and you can see that in the clean, clear golden color. With Delta Gold, we concentrated on eliminating some of the negatives for people who weren't regular potato chip purchasers: brown spots, irregular shape.

"The package is a further reflection of that. It has a contemporary look, with a glossy, metallic package."

The year in preview

What's past is prelude, and Overman says that last year provided merely a glimpse at what lies ahead. This year, Frito-Lay is test marketing Kincaid's, a potato chip cooked kettle-style (the name refers to the equipment it is cooked in, which imparts a crisper texture) in Regular, Jalapeno and Cheddar, and McCracken's, a sweet chip made from apples.

And the company has launched four new national lines this year. Santitas is an unseasoned, irregularly shaped tortilla chip, a snack designed to complement other foods such as Mexican. The other three products are a marked departure from Frito's traditional offerings.

Toppels is a potato-based snack cracker in three cheese flavors. That is the most conventional item. Stuffers is a bite-sized crispy shell filled with dip and is available in two forms: Corn shells contain nacho cheese or cheddar; wheat shells are filled with either peanut butter or French onion. Rumbles are another bite-sized snack, but they are sweet, rolled in sesame seeds, nuts and granola, and filled with butter brittle, apple crumb, peanut crunch and fudge crisp.

To assure that these new products—and Frito-Lay's stable of other snacks—get top-of-the-mind consumer awareness, the company will spend an estimated $300 million this year on advertising and promotion, far and away the most comprehensive campaign in the category.

"We're seeing some very positive results on our new lines," Overman says, "which is important, because they represent some new directions for Frito-Lay and the rest of the industry. This is still a very dynamic business, and I think growth can come from anywhere.

"Look at potato chips. A couple of years ago people said they were slowing down, but look at us now. We've introduced three lines in the last two years, and we haven't touched bottom yet."

Another company experiencing growth—but nothing yet along the lines of Frito-Lay—is Eagle Snacks Inc. (St. Louis), a subsidiary of Anheuser-Busch. It was established in 1979 primarily to supply foodservice and on-premise establishments such as hotels, bars and restaurants with a line of nuts, chips and pretzels.

The Eagle has landed

In 1980, Eagle began expanding its territory by purchasing a nut processing plant in North Carolina. The company acquired several regional manufacturers, most recently the Cape Cod Potato Chip Co. (Hyannis, Mass.), the area's largest producer, last year. It will have a new plant in Tennessee at the end of this year. Construction on another plant in California has just begun.

Eagle's product line has grown along with the distribution. Mexican tortilla chips, kettle-cooked potato chips and nacho chips have become popular, and peanut butter made from honey-roasted nuts has been introduced in test markets this year. As Alan Sherman, vice president-marketing, sees it, retailers can succeed in snacks provided they do one thing: "Cut down on the total number of brands that they carry.

"They really should devote more space to the brands that have a history of selling well, rather than keep some in there that basically take up shelf space. Snacks are an impulse item, but you really need at least four feet of shelf space, or no one is going to see you. They won't even notice that you're up on the shelf."

One way to get noticed is to run an unusual promotion. Jays Foods Inc., a division of Borden Inc.'s snack foods division (Columbus, Ohio), wanted to increase its brand awareness, make a favorable impression on the large number of men who are major snack foods purchasers and, naturally, increase sales. So the Chicago-based company hit upon an idea that would combine two favorite male pursuits—baseball and fantasies.

Last July, Jays began its Sports Fantasy Sweepstakes, which will award two winners the chance to play baseball with former Cubs players in Chicago's intimate, venerable, ivy-covered Wrigley Field.

"What we're marketing is a dream come true," says Joe

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Frito Lay's marketing savvy continued, as O'Grady's thick-cut potato chips became the company's seventh $100 million brand. And the Pepsico subsidiary has high hopes for three new lines that represent a departure from its traditional salty snacks base.

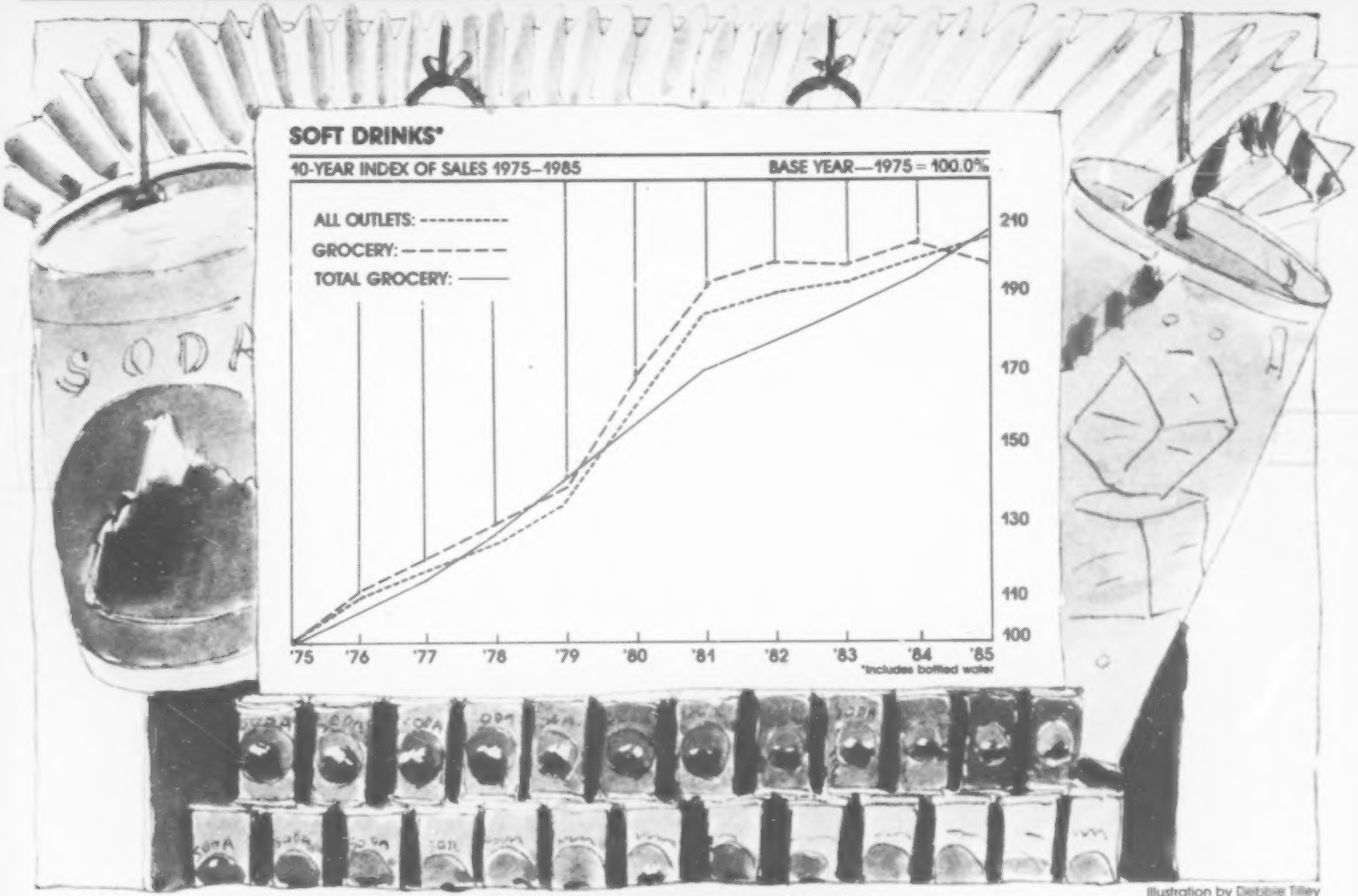

Illustration by Debbie Tilley

SOFT DRINKS

As Coca-Cola and PepsiCo move toward consolidation of their businesses, small companies struggle to find a niche in which their products can survive. But though products are proliferating, shelf space isn't expanding.

The soft drink business continues to look like David vs. Goliath, except that these days, David seems inclined to accept the giant's dominance, pick up his slingshot and find other, equally lucrative battles to wage.

Take, for example, a Midwestern retailer, annoyed by what he perceives as arrogance on the part of the industry's dominant figures: "I don't care about them anymore. If they aren't willing to help us out, to give us good deals, then I'll promote something else and sell that."

And, in California, an executive with a small soft drink company seems philosophical and ever-so-slightly desperate as he views his business. "It may well be do or die. If we cannot rethink our business toward carving out a niche for ourselves, then we might as well forget it. The big boys are just too big."

"The big boys," of course, are Coke and Pepsi, a pair of companies locked in an all-out battle of strategy, promotion and advertising for consumer dollars, taste claims and perhaps even bragging rights. Between them, the Coca-Cola Co. (Atlanta) and the Purchase, N.Y.-based PepsiCo Inc. account for almost two-thirds of the nation's food store soft drink business. And at stake in their pitched battle, it seems, is the other third.

During the past year, "consolidation" appeared to be on the minds of almost everyone in the soft drink business. Previously, new products —and sometimes old products—had been more central to business development. Pepsi had experienced a smashing success with its introduction of juice-added Slice soft drinks, while Coke was apparently doing well with its line of Minute Maid juice-added soda.

Coke, of course, had done less than spectacularly with its introduction of New Coke, and had been forced to bring back Classic Coke, which then proceeded to completely dominate the newer brand. But now, each of the companies decided that the best way to lock up the third of the business that they didn't possess was to make significant acquisitions.

Making moves

Pepsi moved first, announcing last January that it would purchase the Seven-Up Co. from Philip Morris Cos. for $380 million. In February, Coke agreed to buy Dr. Pepper Co. for $470 million. Both announcements were greeted by analysts as significant steps toward solidifying the companies' joint

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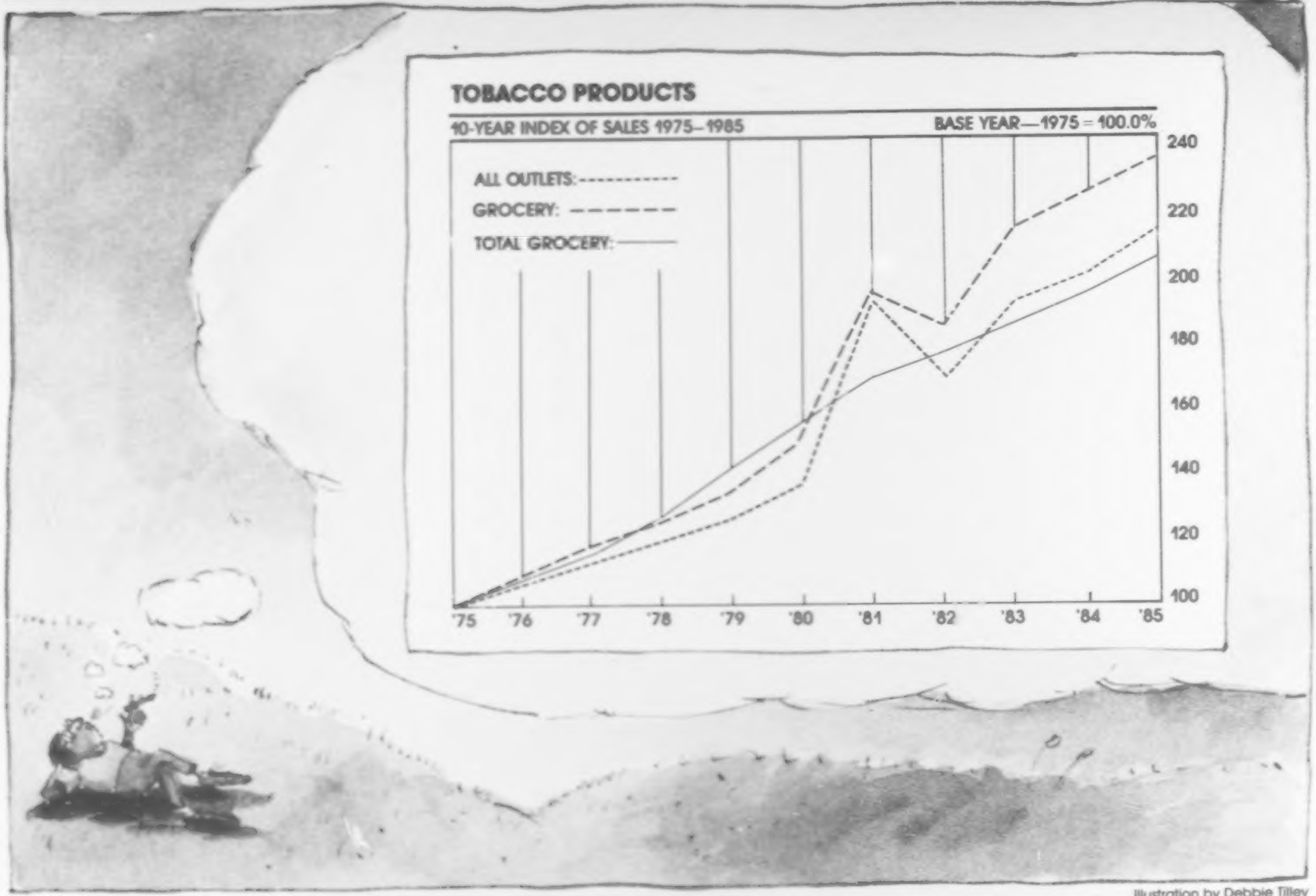

Illustration by Debbie Tilley

TOBACCO

Cigarettes continue to post sales gains in supermarkets, up another 3.3 percent last year. But they continue to lose share to aggressive retailers like convenience stores and gas stations.

All things considered, the major tobacco companies have little cause to complain. Despite the spate of product liability suits (which have yet to produce any rulings against the defendants), continued and apparently intractable drops in overall consumption, and pressure to ban all forms of advertising and promotion of cigarettes, profits have never been greater.

It's hard to conceive of battered bottom lines when Philip Morris (New York) can purchase General Foods, and R.J. Reynolds (Winston-Salem, N.C.) can buy Nabisco. Granted, tobacco manufacturers are diversifying their businesses, as evidenced by these two acquisitions, but the core of their operations—and the vast majority of earnings—still come from the sale of cigarettes, and to a much lesser extent, smokeless tobacco and other products like cigars and pipe tobacco.

Not that there aren't any worries in the boardrooms of North Carolina, Kentucky and Manhattan. Gone forever are double-digit increases, automatic success for new product launchings, total support from supermarket operations and, with the significant exception of developing overseas markets, increased unit sales.

But these setbacks have reinforced one basic principle: tobacco companies are manufacturers of a basic consumer product, and they have reemphasized to the retail trade their commitment to merchandising, promoting and supporting the category.

Supermarkets' increased sophistication in analyzing sales information, and their ability to develop space allocation programs that can more specifically address product movement and true dollar value through direct product profitability (DPP) models have given tobacco companies just the forum they need to sell their products. Cigarettes, as studies conducted by R.J. Reynolds (R.J.R.) Tobacco Co. and Philip Morris (P.M.) U.S.A. have shown, have one of the highest DPP figures in the store.

The $25 billion smoke

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), tobacco products accounted for $25.16 billion at retail, with $10.74 billion spent in grocery stores, 43 percent of the total. Overall sales increased 6.4 percent, and 3.3 percent in grocery stores. The category represents 4.04 percent of total grocery store sales.

CES figures show that cigarette sales totaled $23.39 billion last year, up 7 percent, while grocery stores accounted for

Price/value cigarettes, a segment only five years old, now command 8.6 percent of the total market. And predictions of an eventual 20 percent share are becoming common.

TOBACCO

$10.15 billion, up 3.3 percent, and their percent of category sales, 43 percent, dropped 2 percent from 1984. Cigarettes' share of total store sales last year, 3.82 percent, dropped five-hundredths of a percentage point.

Tobacco and snuff, a $1.14 billion business in 1985, gained 6.2 percent overall, and 6.3 percent in grocery stores, on sales of $510 million. Grocery's percent of total category sales (45 percent) and percent of total store sales (0.19 percent) remained the same.

Cigars sustained the most severe losses. Overall sales, $636 million, dropped 9.6 percent, while grocery store sales, $78.5 million, were off 10.8 percent.

The most dynamic growth area for cigarettes continues to be the price/value segment. Virtually unknown in this country before Liggett & Myers (L.&M.) Tobacco Co.'s (Durham, N.C.) introduction of "no-name" generics in 1981, they accounted for 7.3 percent of sales last year, up from 5.5 percent in '84. And first-half figures for this year show additional gains, as the segment now represents 8.6 percent of the total market, according to John C. Maxwell Jr., tobacco analyst for Furman Selz Mager Dietz & Birney (New York), and author of *The Maxwell Report*, the industry's most comprehensive source of sales movement and market share.

Liggett's pioneering role, and its subsequent success, forced other manufacturers to introduce similarly priced brands to the market. Most observers say that generics have peaked at around a 4.5 market share. Growth continues in two sections: branded generics and value-added 25 packs, which generally retail for about a dime more than conventional 20-packs.

Branded generics' growth

R.J.R. took what was essentially a dying brand, Doral, and repositioned it as a lower-priced, branded 20-pack. In less than three years on the market, the brand now has a 1.8 market share at the halfway mark this year. Philip Morris's Cambridge (an 0.7 share), is the other significant brand in the category.

For value-added 25s, Brown & Williamson (B.&W.) Tobacco Corp.'s (Louisville) Richland (0.6 share), R.J.R.'s Century, the category's first brand (0.7 share) and Philip Morris's Players Lights 25s (0.4 share) are the powers in value-added 25s. Century recently changed its cartons to 10-packs, at no additional cost, bringing its retail price in line with the competition.

Convenience 25s such as P.M.'s Marlboro, B.&W.'s Kool, New York-based American Tobacco Co.'s Pall Mall unfiltered, and Lorillard Inc.'s (New York) Newport combined total less than one share point. Although introduced just within the last year, this category is not expected to have anywhere near the growth rate of branded generic 20s and valued-added 25s.

Other success stories among brands are P.M.'s Marlboro and Lorillard's Newport. In an age in which success can now be measured by one market share point, or even less, and shares drop rather than rise, both of these brands continue to grow. Marlboro, whose line now consists of a staggering 11 packings, gained nine-tenths of a share point in 1985, bringing it 22.4 percent of the industry's sales. Its success fueled P.M.'s overall growth, with the company's total share last year at 35.9 percent, up 0.6 share points from '84.

Newport, at a 3.4 share, rose 0.4 share points last year, and its share is up more than 50 percent since 1981. Without that increase, Lorillard's share loss, 0.1 in 1985, would have been greater.

For 1985, R.J.R.'s market share remained at 31.6, according to Maxwell, while Brown & Williamson gained 0.6, up to an 11.9 share, spurred primarily by its Richland launch. Besides Lorillard, other companies experiencing share losses were American, down 0.4 at a 7.5 share, and Liggett, down 0.7, at a 5.0 market share. Liggett's drop can be attributed to B.&W.'s distribution agreement with Generic Products Corp. (Fort Worth, Tex.), which took away a major chunk of Liggett's generic business.

The top 10 brands for 1985 included some perennial giants. P.M.'s Marlboro is number one, its 22.4 market share almost double that of the nearest competitor, R.J.R.'s Winston, at 11.4. R.J.R. also has the number three, six and 10 brands in Salem, Camel and Vantage. B.&W.'s Kool is fourth, P.M.'s Benson & Hedges is fifth and Merit is seventh, while American's Pall Mall is eighth, and Lorillard's Newport is ninth.

Executives at Philip Morris are understandably pleased with their performance in 1985. They also believe that supermarkets are finally beginning to realize the importance of cigarettes, and are doing a better job of merchandising the category.

"It's an explosive time, especially for retailers. It's hard to go into a store without seeing some new idea being experimented with," says Vin Buccellato, vice president of sales at P.M. "For us, I think there have been a couple of very positive trends. The consolidation going on in the marketplace, the number of new stores being built and the move to larger-format stores have given the tobacco department a chance to grow into its fair share of floor space."

Philip Morris believes that supermarkets' increasing involvement with DPP provides the perfect argument for tobacco's importance. As the first marketer to develop its own model, the company is familiar with bottom-line management, and can point to its numerous studies to buttress the contention that cigarettes is a category that contributes substantial profits in a relatively small space, with very little required of the retailer. They need not worry about warehousing or transportation costs, and most merchandising requirements are handled by the companies' numerous instore service employees.

"Stores have become more adept at analyzing their true bottom line, whether it's DPP, the margins they're generating, their space allocations, or scanning information that is now available to provide better product movement," notes Jack Gillis, vice president-sales development at P.M.

"And those types of tools—profit analysis—were made for tobacco," adds Buccellato. "When you look at DPP, you look at the entire grocery area. Despite concerns about pilferage or whatever, there isn't a product that bests tobacco. It is far and away the most profitable category in the grocery area."

The space squeeze

But it isn't enough for supermarkets to set aside a certain amount of space and carry a certain number of brands. P.M.

Continued on next page

Philip Morris's Marlboro and Lorillard's Newport continue to accomplish the near-impossible: increasing market share for established brands.

TOBACCO

asserts. The increased popularity of the price/value category, along with the larger number of products on the market, means there is greater demand for a variety of offerings. A purchaser of cigarettes rarely goes to a supermarket just for that one item.

"Traditionally, cigarettes have basically been confined to about a 40-square-foot area, and there are about 165 to 190 packings represented," says Gillis. "We think that a store should have at least 60 square feet of space, and probably have no less than 215 to 235 brands represented in that area."

"That's a very key assumption, that you should stock the 215 to 235 brand packings, which would get you in the 95 percent consumer satisfaction range," Buccellato says.

The optimum department size, the two executives agree, depends on the store's sales patterns and inventory practices. A high frequency of restocking, perhaps twice a day, indicates that the space devoted to cigarettes is sufficient. Less frequent stocking would reveal the need for a larger sales area. Cigarette purchasers are far less likely than other consumers to settle for a substitute brand when their favorite is out of stock.

"Cigarettes have an extremely high loyalty factor—about 80 percent—and it's one that I don't think is shared by any other consumer products category," says Buccellato. "That being the case, you can bet that when people are in the store buying tobacco products, they're also going to be buying other items. So it behooves the store operator to have the tobacco products in the store that people are looking for."

A major reason for the success of cigarette merchandising is the generation of new fixtures that take up less floor space yet contain more products than older units. The innovations extend to the new spinner racks and sliding checkout fixtures, which are more spacious and efficient than conventional belt-line displays.

Smaller smokes grow

"For carton merchandising, the general trend has been a new generation of carton racks, and they are being used more often now," says Richard H. Orcutt, senior vice president of sales at Lorillard. "Cigarettes need more sales space, and retailers have been using larger fixtures to allow for adequate representation of the brands and packings available.

"The same thing is happening with single-pack or multiple-pack sales," Orcutt says. Noncarton sales now account for 36 to 37 percent of Lorillard's sales, a little higher than the industry average. But noncarton sales continue to grow because of continued price increases brought on by hikes in excise tax and other internal factors.

"There is a broader use of bigger racks versus the older belt-line fixtures, and it's important for retailers to do a good job with them, because margins for single-pack sales average 22.5 percent, almost double cartons' margins, which are about 11.4 percent. And supermarkets have some substantial competition with convenience stores and gas stations," Orcutt says.

"Gas stations and convenience stores have been very aggressive and successful in merchandising many of the products that supermarkets have literally taken for granted over the years, which are part and parcel of their everyday mix," says Philip Morris's Buccellato.

"There are what, 65,000 convenience stores out there? And their principle sale is by the pack," says Orcutt.

Supermarkets' share down

Industry figures compiled by Lorillard back up that statement. Supermarkets now account for 32 percent of all cigarette sales, while convenience stores sell 21 percent, drugstores 11 percent, gas stations 8 percent, discount stores 7 percent, and "other," which includes vending machines, the remaining 21 percent.

Thomas E. Sandefur Jr., president and chief executive officer at Brown & Williamson, believes that promotion, especially at the store level, is crucial for sales growth, and asserts that convenience stores have done a better job at it than supermarkets.

Addressing supermarkets' decline in share, he says, "The trade shift to convenience stores has allowed manufacturers to do what I consider to be a better job in promoting products because of the configuration of these particular outlets.

"Most supermarkets have a fixture or a rack of furniture. You really don't have an opportunity, in many cases, to do the type of promotion that you can do in a less structured environment. For example, some convenience stores provide opportunities to merchandise package displays and deals, such as price-off packs and premiums."

"Generally, there has been an increase in package sales over the last few years," says Martin L. Orlowsky, executive vice president-marketing and sales at R.J.R. "To pick up our share, we rely on our merchandising strength with package racks, and we're well represented within those package fixtures. If we can design fixtures that are adaptable to stores' needs, and can facilitate consumer response, we'll have the benefit, as will the retailer.

"It's an effective and profitable use of space. We have a variety of package fixtures we can make available to retailers. We also provide stores with pack and carton fixtures for what we call 'Savings Brands,' and in many stores they will be separated from other cigarette fixtures.

"It's a way to create a merchandising presence, and an opportunity for retailers to maximize their sales in the lower-priced end, where there is a good deal of growth. As our fixtures have changed, retailers have been aided in merchandising packages. It has provided a good opportunity for retailers to increase their sales of price/value brands."

How high the ceiling?

There is disagreement concerning the sales ceiling for the price/value segment of the market. Five years ago, it was merely a blip on the screen. Now the lower-priced end of the business is nearing the 10 percent mark, and some participants believe the share can break the 20 percent mark by the '90s. Others—not surprisingly, those companies with no stake in that part of the market—are not so optimistic.

"Clearly, smokers who were interested in value-oriented brands continue their interest, and with our Doral and Century lines we were able to provide for those interests and give us some incremental volume," Orlowsky says.

"It has an impact on standard-priced brands, but we were

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Tobacco companies are pleading with supermarkets to take a closer look at the true profit nature of the category, and strongly suggest that better merchandising—and more sales space—can boost profits even more.

TOBACCO

able to derive growth and volume opportunities on both standard and value-priced brands. Under the circumstances, we've been able to manage our portfolio of brands, which allow for long-term growth and profitability. Down the road, a lot of the growth will depend on the general economy; inflation and taxation on cigarettes have a cause/effect relationship on the segment."

"The potential market share for price/value may be 20 percent, where just a few years ago I wasn't sure it would hit 10 percent," says Harold A. Grant, vice president of sales and marketing at Liggett. But old habits, especially among retailers, die hard, he says.

"The major issue that has to be dealt with is a permanent position for price/value brands, rather than just five shelves or so. That other rack is selling anywhere from 10 to 12 percent less than a few years ago for the premium brands.

"Let's say a retailer is selling 500 cartons a week, and he has 10 percent of his business in price/value, which is on another rack, and business is off about 2 percent. So he's got a minimum of 60 cartons that are not selling because of the drop-off.

"That's $540 a month that he's eating in inventory. He may be maximizing his rack payment from manufacturers, but he doesn't realize that he's shifting dollars. The bigger the category gets, the sooner people will do something about it.

"If the retailer sits there with excess inventory, he's losing money in the battle. He should readjust his shelving for what sells, not on the basis of the shelf payments he's receiving."

No no no-name

Liggett has seen some drop in its share of the category, and Grant admits that the "black-and-white" generic business "has kind of flattened out." The company has responded by upgrading its packaging, and has introduced a branded generic, Frontier, that has been used exclusively by Super Valu Stores Inc. (Minneapolis) for the last five months. Grant says that sales have been encouraging, and Liggett may expand the program.

Richard Orcutt at Lorillard, a company with no entries in the price/value market, claims that the segment is becoming crowded, resulting in marketing expenditures for promotion and advertising that virtually preclude any financial benefits.

"We continue to monitor that segment of the market very, very carefully, and we've obviously noticed its growth. But we're not interested in jumping into a market segment with very little return [on investment]. With the increase in the number of entrants, the cost of getting in there with your product has gone way up.

"When Liggett first introduced generics in 1981, it didn't really cost it much of anything, but then Reynolds came in, and Brown & Williamson, and Philip Morris. There wasn't that much profitability in it to begin with, and now there's hardly any.

Philip Morris, represented in the price/value category with Cambridge and Players Lights, concedes that the initial investment may be similar in cost to a full-priced brand, but, says Vin Buccellato: "You have to look at the industry as a long-term situation. Certainly, in any short-term period, that analysis is correct.

"But if you look at any conventional full-margin brand in the short term, the analysis is similar. If you would take a look at what we've done to launch one of those products, and look over the first and second year, you would see that tobacco companies are in this for the long term. They could not justify in one year or two an investment in any given package, whether it produces full margins or less.

"So our commitment to price/value products is no different than our commitment to any other new product. Expenditures are necessary in a competitive environment to carve out presence and share. In the long term, presence and share win the battle. Profitability can eventually be restored through any number of means, not the least of which is reduced expenditures."

Cheap but classy

As for the portion of price/value that will continue to grow, Buccellato is convinced that no-names have leveled off, "and are being severely affected by the superior marketing of (R.J.R.'s) Doral and Cambridge. The value 25s have carved out a meaningful niche in that category, although long term I think they will play a lesser role than Doral or Cambridge.

"We feel that they're both viable segments, but if you look at the nature of private label categories outside of tobacco, you see that a more conventionally packaged product that is advantageously priced has to win out in the longer term."

Gillis of P.M. also sees parallels between the history of generic grocery products and generic cigarettes. "Generic grocery products took a place in the market only when they were very prominently advertised and merchandised," he says. "And once the consumer became aware of the quality comparison, which in most instances was not comparable to the branded products or even the private label products, the allure soon dissipated.

"Whether or not that has happened in the tobacco segment is a matter of speculation, but I think you can see it in the success of the branded generic tobacco products."

Ultimately, the two executives agree, the biggest determinant in the category's growth will be the gap between full-price products and price/value entries. "If manufacturers' pricing policy maintains the current gap or tries to diminish it," says Buccellato, "then I think the ultimate growth rate of the price/value category will go down and stabilize.

"If that gap is allowed to increase further, through cost increases or an increase in excise tax, then I think we could be off to the races and have a very significant portion of our business in the price/value category."

Where cigarette companies have less control is the direction of retailers' merchandising decisions. Philip Morris and R.J.R. can talk DPP, pure dollar profit and merchandising allowances until they're blue in the face, but unless a chain's buyer listens and is persuaded, it won't lead to any fundamental changes in the way the category is sold in supermarkets.

"Supermarkets as a class of trade have not given cigarettes the space they deserve, both in cartons and packages," asserts Orcutt of Lorillard. "And that is one of the reasons why they've

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With higher-than-average profits and product turns, cigarettes are heavy cash cows for supermarkets.

TOBACCO

lost some share of the total market."

"Very often, what the retailer sees is not necessarily what he's getting," adds Liggett's Grant. "He's not objectively managing the brands of cigarettes as he does with other parts of the store. There's a lot of stuff on the shelf sitting there that doesn't turn over."

Cigarettes vs. cereals

"It becomes critical," says P.M.'s Gillis, "when you've got stores with a breakeven point of $500,000 a week that you manage the space in those stores."

"I can't imagine a supermarket allowing the dry cereal area or the soup area to be in disarray for long," he continues. "If it were out of stock on Kellogg's Corn Flakes, it probably would go through hoops to get that area plugged up as quickly as it possibly could.

"And yet in the cigarette area, supermarkets don't seem to be too concerned if they're out of Marlboro Lights, or Marlboro Red. It doesn't seem to bother them that much. Our whole thrust, our whole philosophy and application of our effort is to draw attention as rapidly and as readily as they can to the fact that cigarettes are an integral part of their product mix."

"What retailers have to recognize," says R.J.R.'s Orlowsky, "is that first and foremost this category is highly profitable. Once that's understood, a sufficient amount of space (and the proper location) should be provided so sales can be maximized."

"I can live in anybody's space, as long as I have enough space to do business," Buccellato says. "That's what we're trying to get across. What we're saying to the trade is, we want to support you, and we're not going to stop short in that support. We want to support you all the way, and if it takes fixturing to do that, marketing and merchandising savvy to do that, we want to put our hat in the race."

—PETER LEVITEN

SMOKELESS AD BAN FIRES UP INDUSTRY

Despite the ban on all television and radio advertisements for smokeless tobacco products that goes into effect this month, executives at the major cigarette companies are confident they will be able to suppress a bill now in the House of Representatives that would eliminate all remaining forms of their advertising: print, outdoor billboards and product promotions, an estimated $2.8 billion.

Their confidence may seem to be a case of false bravado, since the Supreme Court, in an unprecedented ruling, upheld a ban on casino advertising in Puerto Rico last July that denied the traditional First Amendment protection of truthful commercial speech for legal goods and services.

History on their side

Since the sponsors of H.R. 4972 (The Health Protection Act of 1986) aim to reduce the consumption of cigarettes, industry officials and legal scholars believe that the consequences of similar actions in other countries—consumption actually *increased* after ad bans in Finland and Iceland in the early '70s—will mitigate against the bill's chances of passage.

In the event the bill passes, cigarette company executives remain confident it will be struck down specifically because precedent indicates no causal effect between the elimination of advertising and promotion and declines in consumption.

In fact, that position was advanced at the House of Representatives subcommittee hearing late last Summer by deputy assistant attorney general Douglas Kmiec. Representing the Reagan Administration, Kmiec said it "is not convinced that cigarette advertising leads to increased consumption."

He also added that tobacco ads "support publications that the public finds useful . . . and we must consider the consequences of a ban on them." Further support could be seen in the White House's refusal to allow the testimony of Surgeon General C. Everett Koop, an ardent anti-tobacco advocate, to represent administration policy. Cigarette manufacturers also found supporters in the Association of National Advertisers, the American Civil Liberties Union, and other powerful groups.

Marketers of snuff and chewing tobacco could count on no such support. The industry now is prevented from advertising its products on television and radio, and will be required as of next February to have warnings on all labels that will be highlighted by a prominent circle-and-arrow marker.

Smokeless sales up 6.3 percent

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), tobacco and snuff was a $1.14 billion business in 1985, up 6.2 percent. Grocery sales were $510 million, up 6.3 percent. Volume sales in the total category declined 1 percent, according to John C. Maxwell Jr., analyst at Furman Selz Mager Dietz & Birney.

The only products showing increases were moist snuff and fine cut, where U.S. Tobacco Co. (Greenwich, Conn.) continues to dominate, with an 88.8 percent market share on 34.7 million pounds shipped, up 1.25 million pounds. Conwood Co. L.P. (Memphis) was second, its share up to 8.9 percent, on 3.47 million pounds. Helme Tobacco Co., formerly a division of Culbro Corp. and recently sold to American Maize-Products Co. (Stamford, Conn.), was third, with a 2.3 percent market share on 910,000 pounds shipped.

Loose-leaf tobacco remains a competitive field. The Pinkerton Tobacco Co. (Richmond, Va.) leads with a 39 percent market share on 28 million pounds shipped, closely followed by Conwood, with a 37 share on 26.3 million pounds. Lorillard Inc. (New York) is third, with a 16 share on 11.6 million pounds, and Helme is fourth, with an 8 share on 5.8 million pounds.

Plug and moist plug, much smaller categories, are dominated by R.J. Reynolds Tobacco Co. (Winston-Salem, N.C.), Conwood, Pinkerton and Brown & Williamson Tobacco Corp. (Louisville).

The Smokeless Tobacco Council, based in Washington, continues its efforts to improve the industry's reputation. It has broadcast public service announcements (PSAs) that call for a minimum purchase age of 18, and has supported model legislation, both at the Federal and local levels, calling for its enactment.

Teach your children

"We deliberately scheduled our PSAs for prime time so parents would be watching along with their children," says Michael J. Kerrigan, president of the council. "The whole campaign was geared to parental enforcement, so we scrupulously avoided that slippery accusation of advertising to kids."

Indicative of the council's resolve is its effort to clear up confusion surrounding a product called Big League Chew, made by Amurol Products Co. (Naperville, Ill.), a subsidiary of Wm. Wrigley Jr. Co. Presented in a pouch, the gum is cut into strips resembling chewing tobacco.

"In some areas," Kerrigan says, "there were specific allegations that we made this gum to encourage kids to chew tobacco, and we have endeavored to set the record straight."

As for the industry's future in an age of restrictive advertising and growing product liability lawsuits, Kerrigan is upbeat. "When you measure our industry for sales, you have to remember that we are over 200 years old, and preceded cigarettes on the market.

"There will always be places where people want to smoke but cannot: coal mines, auto plants and oil refineries. We have an adult product, will continue to promote it as such, and we are optimistic about our future."

More retailers are emphasizing service at the produce department. They have prep islands out in the open, or visible prep areas.

PRODUCE

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Part of that will come from new packaging changes, emphasizing convenience and freshness. Many stores offer cut-up vegetables for stir-frying. King Soopers in Denver, for instance, displays the cut-up vegetables in the meat department, next to the stir-fry cuts of beef or chicken that the store sells. A&P also stocks a broad range of stir-fry vegetables, in both bulk and packaged configurations. Dierberg Food Markets (Chesterfield, Mo.) has been testing vegetables in microwavable trays. Dole Foods has been testing a line of cut-up vegetables.

Packaging changes

Controlled-atmosphere packaging, which is used extensively in Europe, is being tested here. Vegetables and some fruit products can be in a vacuum package with an atmosphere of nitrogen, carbon dioxide and oxygen. The vegetables and fruits stay fresher for longer periods of time. Another development in packaging may be on the horizon with the advent of irradiation.

Although the American public may not be willing to accept the technology yet, irradiation has been met with enthusiasm by food manufacturers and growers. Irradiation is a process wherein fresh food is subjected to low-levels of radiation, thus destroying harmful bacteria and prolonging shelf life. Irradiation may win some acceptance by consumers who would rather not eat food treated with pesticides, if the irradiation process can be used in some way instead of the chemicals to preserve and protect food.

Branded produce on the rise

More manufacturers are introducing branded fresh fruits and vegetables. Companies such as Campbell, Dole, Del Monte and Kraft are among those testing a variety of prepackaged produce such as tomatoes, mushrooms, avocados, pineapple, bananas, oranges, raw vegetable snacks and vegetable salads. Branded prepackaged fresh produce sales were $602 million in 1985, with $207 million in fresh fruit and $395 in fresh vegetables, according to figures released by Nielsen Marketing Research.

In some stores, merchandisers are expanding the traditional boundaries of the produce department, and having garnered some success, are going even further.

Ken Lanhardt, produce director for Pompano Beach, Fla.-based Pueblo Inc.'s Xtra Super Food Centers, says that his company's fresh-squeezed orange juice program is just such an example. "One thing we have done is made a company-wide commitment to a fresh orange juice program. We have an industrial-type machine that makes half-gallons of freshly squeezed orange juice at a very competitive price."

A&P's Vitulli says that his company has experienced equal success with its fresh orange juice sales in the produce department, even though, rather than being priced competitively with dairy case orange juice, it is "considerably more expensive than prepackaged juice."

Lanhardt says that Xtra now is beginning to offer another kind of fresh juice. "We have been selling a lot of fresh carrot juice in quarts and pints. We have people standing in line to have their carrot juice freshly squeezed. Last winter, we never would have believed how much fresh carrot juice you could sell. It has been a pleasant surprise."

"The produce industry is becoming more research-minded, more experimentation-minded," Tom Pierson says. "It's a traditional industry that is now undergoing this change. Along this line, we need more information and understanding for the continued growth of produce sales. But we also have to market produce more effectively.

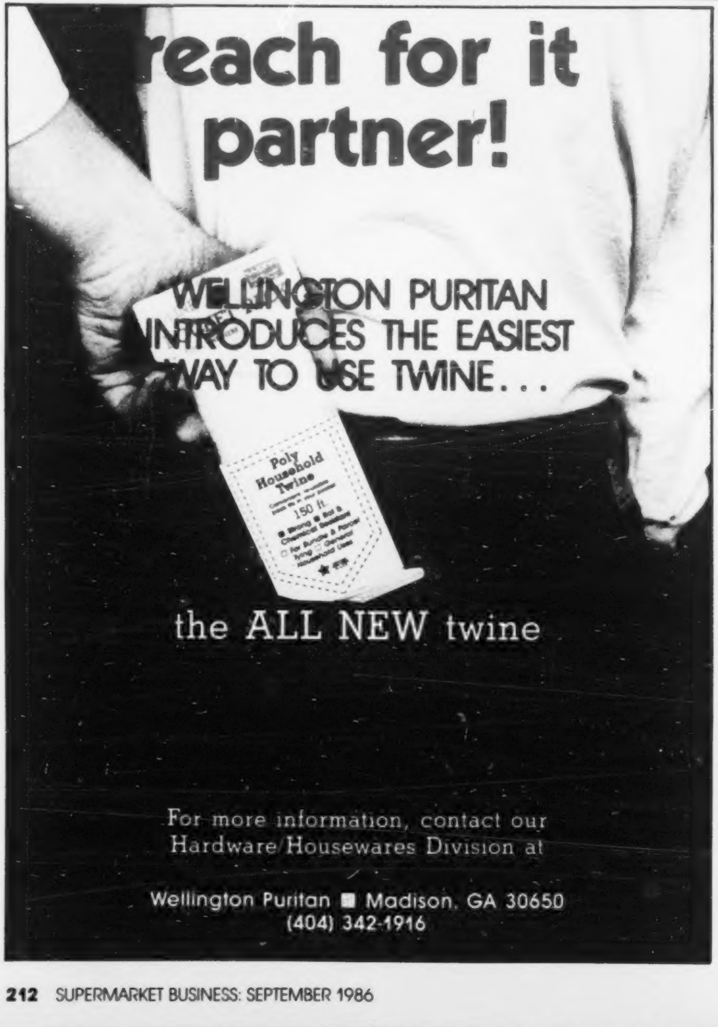
"Consumers increasingly are making their purchase decisions based upon value, rather than price alone," Pierson says. "Leading retailers are seeing this on a daily basis. That means to the produce industry, retailers are learning that quality sells and as a consequence you've seen a lot of change in the buying activities of the major wholesalers and retailers. They used to buy produce for the lowest price they could get. But increasingly, buyers are value-oriented as well. If you want better quality, more convenience, somebody has to pay for it. Better things don't come free. That's part of marketing."

Ethnic produce is also finding a wider consumer acceptance, according to Lanhardt and Vitulli. "All that root stuff is doing very well," Lanhardt says. "At first it did very well with just the Latin population, but the rest of the population has been picking it up and now it is doing very well with them, too."

Vitulli adds, "Items that have been thought of as being black items, but that were really Southern items, are being stocked almost everywhere. I suppose that's because people travel so much more, and when they come home, they want to try cooking with those items."

"Increasingly," Pierson says, "retailers are looking to their suppliers for creative merchandising programs. And that's where the shipping industry has to become more marketing oriented. A number of shippers out there are providing ideas to the retailers. We need more of that. We need that creativity and excitement. It will keep the produce phenomenon rolling."

—BOB HUGHES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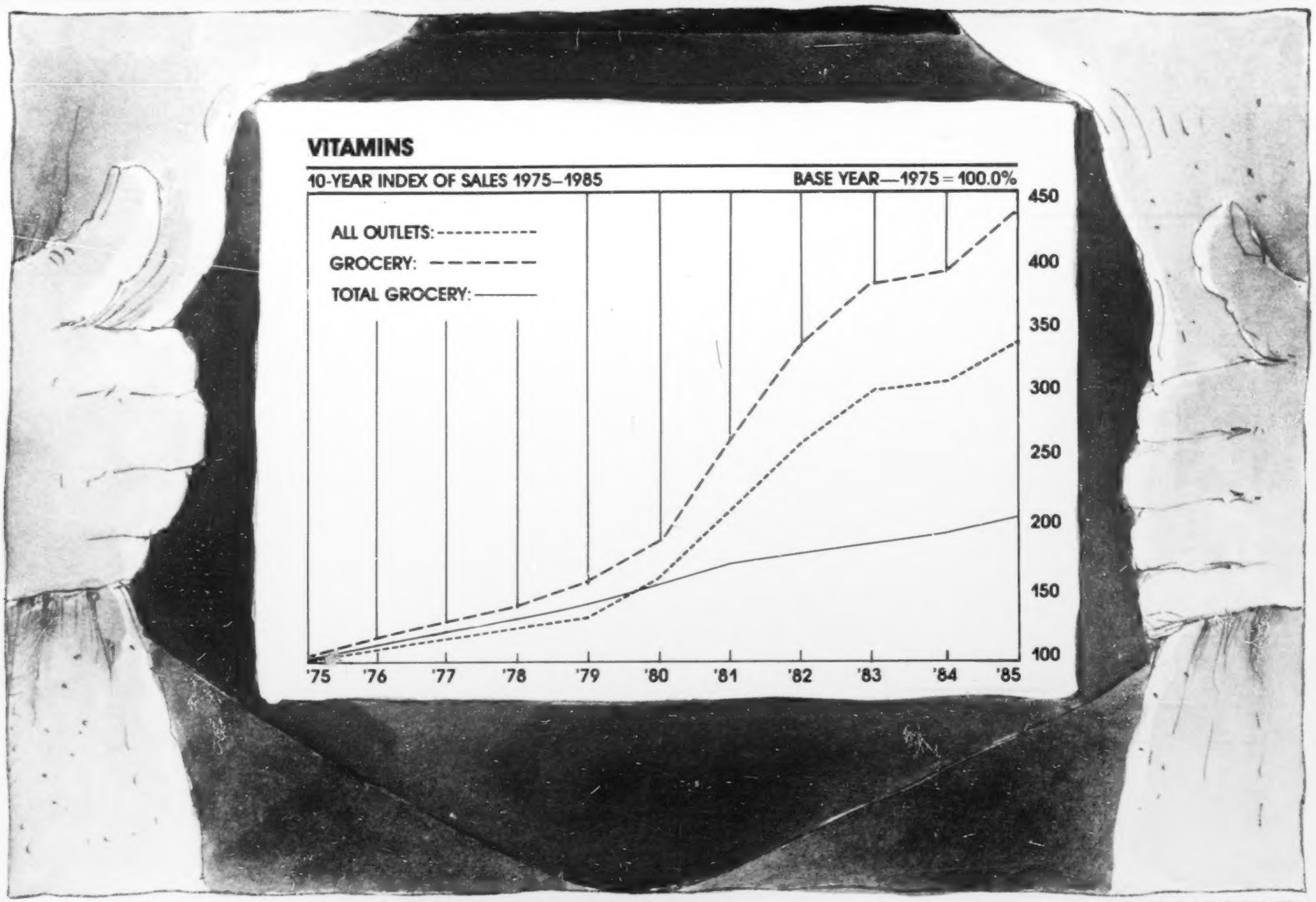

Illustration by Debbie Tilley

VITAMINS

More consumers are getting their vitamins from the foods they eat. But that hasn't stopped them from buying supplements in pills.

Imagine a miracle vitamin pill, and the consumer demand that a pharmaceutical company could generate with it. The pill would be rich in protein, calcium and carbohydrates, contain plenty of B, C, D and E vitamins, have both omega-3 fatty acids and monounsaturates, contain iron, potassium and other minerals, and have plenty of the right kinds of fiber.

No such pill exists, of course. But an enterprising pharmaceutical company might be able to offer a substitute for it. If they somehow convinced drugstores to grant them enough space for a little refrigerated produce display, and let them add a tiny fresh fish case, with just enough room for a shelf with olive oil and a display with fresh pasta and fresh-baked rolls, and got consumers to visit each area of these "total health" departments, they might be able to

But that would be like reinventing the wheel. Supermarkets have been doing the same thing for years. And a growing number of consumers are looking toward food for the nutritional benefits vitamins offer—clear eyes, alert thinking, a healthy glow, strong teeth, strong bones and that energized feeling of being alive—of living life, as they say in California, to the *max*.

Food vs. pills

"The number of people concerned with good nutrition has really been increasing—there are more people involved with the health movement now than ever," says Cary Nosler, a.k.a. Captain Carrot, a Fair Oaks, Calif.-based nutritionist who has preached the gospel of good, healthy eating habits to local radio listeners for 14 years.

"It's getting harder and harder to determine what belongs in the health food section, and what belongs in another supermarket department," Nosler says. "You might not see as many health food sections. Part of the reason is that they've expanded to the rest of the store. How many supermarkets 10 years ago sold fresh fish? Now it's hard to find one that doesn't."

Nosler's perspective of supermarket trends is probably a little better than the average radio talk show host. For the last five years, he has been marketing a line of health-related Captain Carrot goods through the 50 Raley's (Broderick, Calif.) stores with natural foods centers.

These health centers, according to Joe Sisneros, a spokesman for Raley's, are like a "supermarket within a supermarket," with no salt sections,

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> Campbell is willing to spend big bucks on its Fresh Chef line because it believes there is a payoff: consumers who want convenience and quality in refrigerated foods.

REFRIGERATED FOODS

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modest 4.1 percent gain, and their share of total store sales remained at 0.21 percent of total store sales.

Refrigerated pickles and relishes, at $73 million, gained 2.7 percent in grocery stores, while refrigerated fish appetizers, $29 million, gained just 0.7 percent.

"1985 was a strong year for us, and the first seven months of 1986 have been very favorable as well," says John Youngjohn, director of marketing-orange juice strategy and business planning at Coca-Cola Foods. "Our sales are up very significantly in our principal category. Orange juice is up over 10 percent, and our share is up as well."

Part of the reason for the increase, Youngjohn says, is last year's introduction of Minute Maid Country Style orange juice, which has more pulp than the company's original formulation. Minute Maid's 96-ounce orange juice also did well in initial markets, and he expects it to continue selling well upon its national introduction later this year.

Minute Maid brought out Grape Ade this year, and it "significantly exceeded our test market projections," Youngjohn says. The grape juice-based punch should add sales to Minute Maid's non-orange juice business, which includes grapefruit juice and lemonade. Orange juice accounts for over 60 percent of the firm's business.

Happy 40th

The Minute Maid brand is celebrating its 40th anniversary this year, and chilled juice has been around since 1972. Yet despite its later start, refrigerated orange juice appears ready to overtake frozen concentrate in sales.

"The largest part of our business is in frozen concentrate, but an industry source revealed that in April and May of this year, the chilled portion of orange juice had 51 percent of the gallons consumed, and frozen concentrate had 49 percent," Youngjohn says.

"The space allocated to Minute Maid orange juice does not support the rate of sale as efficiently as we would like it to. Retailers are losing sales that they could be making, we are losing possible sales, and consumers can get frustrated by not being able to find us on occasion. Retailers could pay more attention to their facings and ordering to avoid out-of-stock problems."

Youngjohn also bemoans the intensive price promotions among orange juice packers, claiming that an emphasis on deals cheapens image and makes chilled beverages more of a commodity than identifiable brands.

Drink more orange juice!

Youngjohn does believe, though, that the profit picture will improve for chilled orange juice overall if consumption increases. Studies have shown that per capita consumption of orange juice is one-fifth that of milk, coffee or soft drinks. Consumer promotions and industry advertising could accomplish that goal, such as the Florida Seal of Approval program, which certifies that the juice contains 100 percent Florida citrus.

A different battle wages in Cincinnati, as Coca-Cola filed a lawsuit in Federal District Court last July, charging that P&G's Citrus Hill Select line made false advertising claims. Television ads state that Citrus Hill is made "from the heart of oranges."

Coca-Cola claimed that Minute Maid and other orange juices were also made in the same fashion. "In the past year, we tried to take the ads off the air because we believe them to be false and misleading," says Michelle Beale, a Coca-Cola spokesman.

"The integrity of our advertising for all of our products is of great importance to us," counters Don Tassone, P&G spokesman. "The claims made in the advertising for Citrus Hill are true and completely supportable.

"We were surprised that Coke filed the suit. After all, the ad in question has been running for almost two years, and we think the case is without merit. The ad is true, and we believe we are right."

See you in court

Tassone adds that he expects Citrus Hill to be exonerated. On a happier note, he observes that his company's chilled line has continued to post steady increases since its debut in the Fall of 1983. Citrus Hill Select, which replaced the original line, became available nationally in July 1985. It's behind Tropicana and Minute Maid, but Tassone points out that a third position is impressive for a line just three years old.

"Our sales have grown, as have the rest of chilled orange juices, for two reasons. Chilled orange juice is now comparable in taste to frozen concentrate, and it's more convenient than frozen."

TreeSweet, maker of Awake and Orange Plus, two orange juice-based breakfast drinks, thinks it has a unique selling point for TreeSweet Lite, which was introduced last July. It is the first full line of juice beverages with one-third less calories.

There are six beverages—orange, apple, grapefruit, pink grapefruit, cranberry and a citrus blend—in chilled half-gallons, 12-ounce frozen concentrates and 44-ounce glass bottles. All contain small amounts of saccharin to achieve the calorie reduction.

But Clinton E. Owens, TreeSweet's chairman and chief executive officer, is confident that the line will fill a gap in the market. Speaking before a group of brokers just before the rollout, he said, "We've known for some time that a large number of consumers would like to enjoy fruit juices more often, but restrict their consumption or avoid them because they're watching calories.

A tough sell

"TreeSweet Lite is the result of our efforts to meet that challenge, while still delivering the unmatched taste of our natural TreeSweet fruit juices."

It could be a tough sell. One buyer for a medium-sized Midwestern chain, when asked his opinion of the TreeSweet Lite line, did not have very encouraging words. He said he has tasted the line and didn't like it. He also noted that the label would have to include the government warning on saccharin, which would be another strike against the product.

Another recent entrant with a more conventional product line reports good progress in its assault on the nation's refrigerated cases.

"Considering how new we are to the category, it was a good year," says Ocean Spray's John Kirtland, division business

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Crest has accomplished a double play: hiked its profits through the success of the Tartar Control line, and created a mouthwash that is considered a category breakthrough.

HEALTH & BEAUTY AIDS

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intensely competitive, as marketing giants like The Procter & Gamble Co. (Cincinnati), Lever Brothers Co. (New York), The Gillette Co. (Boston) and S.C. Johnson Co. (Racine, Wis.) try to outdo each other with new products, line extensions and reformulations. All are fighting for market share and control of shelf space, which shows no signs of significant increases.

Shampoos wash out

Shampoos, $751 million in grocery stores last year, gained only 3.2 percent. Of that total, medicated shampoos, with an 11.2 percent increase on $170 million in sales, posted the largest gain in grocery stores.

Women's hair dressings and conditioners, spurred by the burgeoning mousse products category, picked up an additional 11.6 percent on sales of $134 million. Hair spray also gained 13.1 percent, with $165 million in sales.

Health aids, nearing $500 million in stores, gained 6.6 percent in 1985. First aid products showed healthy increases of 10.1 percent on $231 million in sales, based primarily on gains for adhesive bandages, up 14.8 percent.

Nail care products polished their image in grocery stores, as manicure products gained 11.2 percent, and nail polish and enamel picked up another 7.1 percent in sales. The category accounts for $92 million.

Oral hygiene products, considering the size of the category, had significant dollar increases. The total category, $2.25 billion, rose 8.2 percent, and grocery stores, $1.23 billion, bettered that with a 9.3 percent gain.

Toothpaste and powders, the largest portion at $715 million in stores, rose 10.9 percent. Innovations such as pump-style packages and improvements in the products' effectiveness propelled the sales boost. Procter's Crest Tartar Control bolstered its lineup, and the firm, including Gleem products, now controls 37.5 percent of the total market. Colgate-Palmolive Co. (New York) is second, with a 26.3 percent share.

Lever Brothers is next, with 21 percent. Its share is spread out equally among Close-Up, Aim and Pepsodent. Beecham Group (Pittsburgh) is fourth, its Aqua-Fresh commanding an 11 percent market share.

Procter hopes to widen its lead both through its Tartar Control line and a new mouthwash that just received the American Dental Council's seal of approval. The product, Peridex, is considered a product breakthrough because it fights plaque and gingivitis, a common

INCREASED SALES THROUGH GROCERY STORES* ACCOUNT FOR INCREASE IN TOTAL HBA SALES

CATEGORY	1985 SALES (000)	1984 SALES (000)	1985–1984 SALES INCREASE (000)	GROCERY STORE SHARE OF INCREASE
Total HBA (nonprescription)				53.7%
Grocery Stores	$10,313,589	$ 9,684,199	$ 629,390	
All Outlets	$27,874,565	$27,768,467	$1,173,001	
Cosmetics				22.0%
Grocery Stores	$ 563,863	$ 529,295	$ 34,568	
All Outlets	$ 4,406,325	$ 4,249,531	$ 156,794	
Deodorants, Antiperspirants				70.1%
Grocery Stores	$ 612,766	$ 569,675	$ 43,091	
All Outlets	$ 1,116,889	$ 1,055,392	$ 61,497	
Vitamins, Tonics				44.3%
Grocery Stores	$ 541,535	$ 491,220	$ 50,315	
All Outlets	$ 1,464,369	$ 1,350,894	$ 113,475	
Oral Hygiene Products				61.3%
Grocery Stores	$ 1,227,583	$ 1,122,747	$ 104,836	
All Outlets	$ 2,247,135	$ 2,076,029	$ 171,106	
First Aid Products				50.1%
Grocery Stores	$ 230,619	$ 209,424	$ 21,195	
All Outlets	$ 517,675	$ 475,391	$ 42,284	
Analgesics				51.2%
Grocery Stores	$ 889,474	$ 827,266	$ 62,208	
All Outlets	$ 2,020,725	$ 1,899,250	$ 121,475	
Cough Medications				21.3%
Grocery Stores	$ 234,299	$ 216,239	$ 18,060	
All Outlets	$ 1,206,086	$ 1,121,416	$ 84,670	
Shaving Products				46.1%
Grocery Stores	$ 575,369	$ 553,156	$ 22,213	
All Outlets	$ 1,708,261	$ 1,660,118	$ 48,143	
Hair Products				42.6%
Grocery Stores	$ 1,534,469	$ 1,462,900	$ 71,569	
All Outlets	$ 3,888,755	$ 3,720,731	$ 168,024	
Antacids				81.9%
Grocery Stores	$ 206,171	$ 184,782	$ 21,389	
All Outlets	$ 397,833	$ 371,711	$ 26,122	
Feminine Hygiene Products				65.5%
Grocery Stores	$ 918,256	$ 849,912	$ 68,344	
All Outlets	$ 1,538,014	$ 1,433,656	$ 104,358	

*Nonprescription only

inflammation of the gums that, if untreated, can cause tooth loss. Peridex will be available only by prescription, but industry analysts expect it to garner sales of $50 million by 1988.

Other gainers in oral hygiene are toothbrushes, $98 million in stores, up 10.4 percent, and mouthwashes and gargles, now $257 million, which gained 8.1 percent.

Packaged medications, covered elsewhere in this issue (see "Proprietary Remedies," p. 179) posted a significant 11.3 percent grocery store increase, breaking the $2 billion mark with sales of $2.15 billion. This product group is the largest HBA dollar generator in the store.

Deodorants up 7.5 percent

Personal deodorants and antiperspirants, a $1.12 billion total market, gained 5.8 percent overall, and grocery sales, $613 million, rose 7.5 percent. Stick deodorants led the pack in percentage increases, picking up 14.8 percent on store sales of $256 million. Roll-on deodorants, $150 million in stores, gained just 4.1 percent, and aerosols, store sales of $203 million, picked up a meager 2.1 percent.

Shaving products, $575 million in stores, gained 4 percent. Razor blades, nearing $200 million in stores, rose 3.1 percent, while disposable razors, reflecting the national rollout of Gillette's MicroTrac, picked up 8.9 percent on grocery sales of $120 million. Shaving cream, $106 million, gained 2.5 percent, and men's cologne, $409 million overall but just $24 million in grocery stores, increased only 3.4 percent.

Skin care products, $1.62 billion overall, gained 7.9 percent in grocery stores. The category is closing in on the $400 million sales mark.

A matter of numbers

HBA is a significant category, for sales, percentage of a store's total volume, the number of stock-keeping units (SKUs) and the battle for market dominance, as evidenced by the proliferation of new products. Supermarkets have generally done a good job in keeping profits up in the department, but there are challenges

Continued on next page

HBA'S 12 FASTEST GAINERS*

RANK 1985	RANK 1984	CATEGORY	1985 GROCERY STORE SALES (000)	% INCREASE FROM 1984
1	4	Contact Lens Care Products	$ 39,549	39.7%
2	7	Eye Lotions, Washes	58,748	23.8
3	**	Hand Creams	7,050	19.1
4	2	Waveset Preparations	9,575	18.6
5	**	Athlete's Foot Medications	21,734	18.1
6	**	Tampons	280,425	17.8
7	**	Eyeliner	46,249	15.7
8	**	Adhesive Bandages	104,722	14.8
9	**	Stick Deodorants	255,543	14.8
10	**	Antacid Pills, Tablets	67,775	14.1
11	**	Nipples & Pacifiers	13,821	13.9
12	**	Bubble Bath	19,099	13.8

*Nonprescription only **Not in HBA 12 Fastest Gainers in 1984

HBA'S TOP 10 IN 1985*

RANK 1985	RANK 1984	ITEM	1985 GROCERY STORE SALES (000)	% INCREASE FROM 1984
1	1	Internal Analgesics	851,277	7.7%
2	2	Shampoo	751,063	3.2
3	4	Toothpaste & Powder	715,121	10.9
4	5	Sanitary Napkins	617,397	3.2
5	6	Vitamins & Tonics	541,535	10.2
6	7	Eye Makeup Products	483,131	6.7
7	9	Cold Capsules, Tablets	304,299	8.3
8	10	Tampons	280,425	17.8
9	**	Stick Deodorants	255,543	14.8
10	**	Cough Medications	234,299	8.3

*Nonprescription only **Not in HBA Top 10 in 1984

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to control the shelf space.

Xtra Super Foods Center (Pompano, Fla.) has become a dominant force in Florida, despite having only four stores. But those stores all generate close to (or exceed) $1 million a week with massive displays and enormous departments. Their HBA sections average 128 running feet and employ the chain's typical warehouse-type merchandising displays.

"I would say our HBA sales have been good, between three-and-a-half and four percent of total store sales," says Eric Kupferberg, vice president-general merchandise. He notes that toothpastes have carved out more sales through Crest's new line, but adds a complaint common to retailers.

"Of course you have to carry their Tartar Control; that's here to stay. But there seems to be no end to these new products, and sometimes you have to play God, so to speak, and say no. You have to start cutting back on some other products.

"We can't possibly keep stocking all of Crest's products, or Colgate's, in every size and flavor that they make. First of all, that's our company policy—we do not carry 2,000 items in the section, we'll carry about 900.

"And secondly, it just isn't possible to have enough shelf or floor space to carry them all. It's the same with deodorants. There are so many different types, brands, sizes and packages. First you had just the stick. Now there are roll-ons, creams, aerosols, and even with the sticks, there are square ones, oblong ones and round ones."

Mass displays

Xtra's HBA departments succeed by doing what the rest of the store does: merchandising on an enormous scale. "Essentially, when we set up a gondola we'll have some normal shelving, then warehouse racks and cut-case displays," Kupferberg says.

"We'll go through an unbelievable amount of toothpaste just in one weekend, so we have to give that adequate representation. We have four feet just for two toothpastes."

The biggest problem Kupferberg has with the category is manufacturers' prepricing products. "They've really caused some problems for themselves and for us with cents-off promotions. Sanitary napkins have taken to using prepricing, and it isn't unusual to have three products, all received within six months, with three different prices marked on the package.

"That creates some real problems for us. We have to enter them with three separate UPC codes, and the warehouse has to reserve three slots for the same product. Why our industry accepts that is mind boggling, and I hope that manufacturers will get wise and stop the practice."

Pharmacies' healthy outlook

The increased presence of instore pharmacies has enabled supermarkets to boost not just prescription sales, but also their HBA sales by emphasizing the one-stop shopping concept. Customers are more likely to purchase these products when they use a pharmacy because all the products are in one centralized location (see "How Do Some Retailers Spell Relief?", INSTORE BUSINESS, January 1986, p.3B).

Manufacturers like Carter-Wallace Inc. (New York) are attempting to cash in on this development by getting products that would not normally be sold in supermarkets into these instore pharmacies.

"The industry has been showing growth, and food outlets have been growing at an even greater rate with their pharmacies," says Mark Klein, vice president of marketing-family products. The reason supermarkets are just starting to sell Carter-Wallace products is because they manufacture Trojans, the nation's largest line of condoms.

"Our sales have grown for a number of reasons," Klein says. "There's heightened concern over use of the Pill and IUDs, an increased awareness of sexually transmitted diseases, and teenage pregnancy levels are three to four times higher in the U.S. than in European countries."

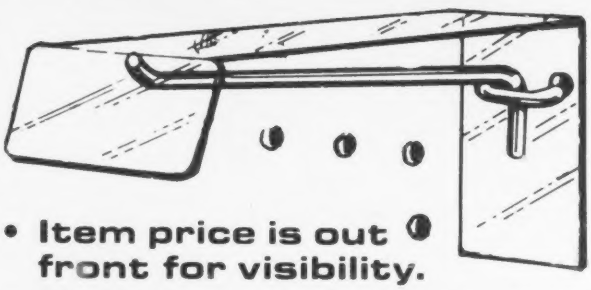
Add to that women's increasing say in the type of birth control used, and Klein believes sales can increase substantially. Carter-Wallace has unveiled the industry's biggest advertising campaign, with ads in major men's magazines, and women's magazines are also targeted.

The company also has three different display units available, all four-foot sections. "It's been a product without much instore promotion, but we feel that with health concerns, the need for proper contraception and good margins (generally between 35 and 40 percent), we can really add substantially to our sales, as well as those of supermarkets," Klein says.

—PETER LEVITEN

CHANGES IN GROCERY STORE MARKET SHARE FOR HBA

	1985	1984	1983
Acne preparations	17	19	18
Adhesive bandages	52	51	50
Aerosol shaving cream	43	45	45
Aftershave lotions	31	31	33
Antacids (effervescent)	52	50	51
Antacid liquids	45	43	42
Antacid tablets, pills, gums, lozenges	58	55	55
Antacid powders	43	42	42
Bobby pins	26	26	26
Cold tablets, capsules	52	52	51
Color shampoo	25	24	23
Coloring preparations	14	15	15
Contact lens care products	9	9	8
Cotton balls	36	36	36
Cotton swabs	61	60	59
Coughs & cold salves, ointments	36	36	36
Cough drops	34	34	34
Cough syrups, elixirs, expectorants	21	20	20
Denture cleaners	46	46	46
Diarrhea remedies	52	52	52
Disposable razors	50	47	—
Eye lotions, washes	48	46	44
Eye makeup products	20	19	19
First aid kits	53	53	52
Gauze bandages	24	24	24
Hair brushes	33	33	32
Hand & body lotions	40	40	39
Hemorrhoidal suppositories	29	29	28
Home permanent kits, refills	19	19	19
Laxatives	23	22	—
Liquid douches	33	33	33
Makeup bases	5	5	5
Manicure implements	26	26	26
Medicated shampoo	54	54	53
Men's hair dressing	50	49	49
Menstrual analgesics	46	45	45
Mouthwashes, gargles	53	52	51
Nail polish removers	21	21	21
Nail polish & enamal	13	13	13
Nipples & pacifiers	38	41	44
Nursing bottles	16	17	19
Pin curl clips	34	34	34
Razor blades	47	47	47
Reducing preparations	26	26	27
Roll-on deodorants	46	45	44
Sanitary napkins	62	61	63
Stick deodorants	61	61	60
Suntan lotions & oils	18	18	17
Tampons	58	58	58
Toothbrushes	33	32	32
Toothpaste	66	66	65
Women's hair dressing & conditioners	45	45	46
Women's hair spray	45	46	46



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The industry is trying to create a DPP model to use in its pitch to retailers, but the sheer number of titles makes the task rather daunting.

PERIODICALS

Continued from page 174

70 percent. Its women's magazines—*Vogue*, *Glamour*, *Mademoiselle*, *House and Garden*, *Bride's* and *Self*— are frequently given checkout position, and are merchandised in mainline reading centers and, increasingly, in other areas of the store.

"We sell such a great package," Garavalia says, "health and beauty, fashion, lifestyles, that are a perfect fit for HBA sections. We've had great success with Focus On Style, a six-pocket, free-standing display. With the growth in combination stores and the influx of pharmacies into supermarkets, it's a natural: a clean, easily merchandised fixture. It's a small promotion, but one with great profits."

According to industry figures, the perennial checkout champions— weekly tabloids like *The Globe* and *The National Enquirer*, and women's magazines including *Family Circle*, *McCalls* and *Good Housekeeping*, still dominate. But they may soon be joined by an aggressive newcomer, *Woman's World*, published by Heinrich Bauer N. A.

The weekly, launched in 1981, now sells 1.3 million copies, almost all in supermarkets. It has used two forms of promotion—distribution of sample copies through newspapers, and a massive instore sampling program. The publisher began distributing free copies in 13 Washington, D.C., Safeways last January, which resulted in a 400 percent sales increase. At the promotion's completion, sales remained 325 percent higher than before.

Giving it away

Randall's Food Markets Inc. (Houston) distributed free copies of *Woman's World* at all 33 of its stores last May. The promotion included point-of-purchase displays, and the magazines had stickers identifying Randall's. A total of 200,000 magazines were given away. Although it is too soon to determine the promotion's effectiveness, the magazine's executives are confident it will increase sales.

Promotion seems to be the missing ingredient for paperback book sales.

"Trade books are hot, and we're seeing more in and out promotions of some hardcover titles, like *Iacocca*," says Alfonsi of Scherer Investments. "A lot of supermarkets are missing an opportunity there, not a store-within-a-store approach, but a look at some of the titles and books that are selling well and are heavily discounted. It's a real value for consumers."

Impulse readers

"I think most book sales in supermarkets come from impulse readers, not those who read three or four books a week or month, and who like to browse in bookstores," says Magee at MPMI. "The person who buys books in a supermarket is generally intimidated by the atmosphere in a bookstore."

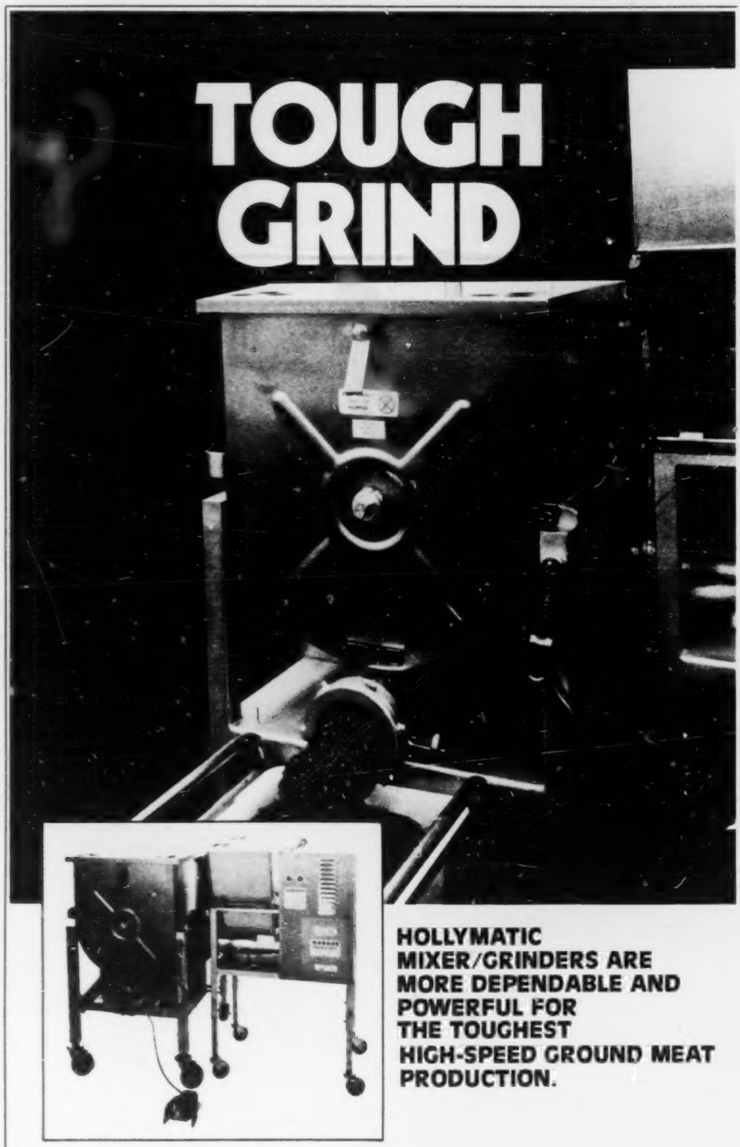
Bantam Books Inc., one of the biggest paperback publishers, recently completed the largest supermarket promotion ever, "Summer in Paradise," backed up with $2 million in consumer ads and generous retail placement allowances.

According to Frank Vertuca, associate director of marketing for Bantam, the promotion was just a way of applying grocery marketing techniques to paperback books.

"For Summer In Paradise, the chains were very supportive, but books represent a small portion of their overall volume, and we publishers have to pay the price for that, and work harder with our wholesalers to come up with exciting merchandising events." This can be difficult, Vertuca says, because the typical wholesaler's volume is skewed heavily toward magazines, about an 80/20 split.

Paperback publishers are also developing (with assistance from MPMI) their own DPP model, which should help retailers become more aware of the category's profit potential.

—PETER LEVITEN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Category leaders are just as aggressive with new product introductions as their smaller, upstart competitors. Competition in pet snacks and treats, the last major growth area for dog products, has grown particularly intense.

PET NEEDS

Continued from page 189

rising to 28.5 percent, Kal Kan slipping a bit to 16.3 percent, Carnation's Mighty Dog edging up to 12.3 percent, Gaines's (Tarrytown, N.Y.) Cycle staying relatively flat at 7.8 percent, Quaker Oat's (Chicago) Ken-L Ration slipping to 6.7 percent, CHB Foods's (Terminal Island, Calif.) Skippy Premium holding at 4.2 percent and Campbell Soup Company's (Camden, N.J.) Recipe flat at 2.9 percent.

Nonstop dealmaking

"We don't make any money on pet products—there's no markup," says Tom Robinson, a buyer for Food Lion (Salisbury, N.C.). "The one thing that really keeps the category moving is the strong introductory deals on new products and flavors. Purina-100 was our biggest cat food seller until Kal Kan came out with a deal that helped us sell it at five cans for a dollar," he says.

Fortunately for manufacturers, most pet food aisles aren't quite as price-driven as those at Food Lion. "Things have changed from 25 to 30 years ago, when you could get a hernia from lugging all your pet food profits to the bank," says Dick Gregory, grocery merchandising manager at H.E. Butt (San Antonio, Tex.) "The pricing is more competitive. But we still make a nice margin, on average.

A crowded category

When Ralston Purina (St. Louis) made its first dry dog food six decades ago, the company wasn't rocked by an onslaught of eager competitors rushing in for a chunk of the market. In fact, there wasn't much competition to speak of at all, until Gaines Foods, Inc. (Tarrytown, N.Y.) introduced Gravy Train in 1960, and raised the total number of commercial dry dog foods to three.

Since then, the competition in the dry dog food segment has intensified. There are 14 brands with greater than 1 percent share snarling for the top spots, with a dozen more between one percent and 0.08 percent tussling for share.

Ralston Purina still dominates the dry category with its Dog Chow (14.5 percent) and Puppy Chow (8.7 percent). Gaines Gravy Train follows at 7.3 percent.

Dry cat food can't boast of dry dog food's $2 billion volume ($1.86 billion done through supermarkets, according to SUPERMARKET BUSINESS's 1986 CES figures). But it *can* boast of its 6.8 percent growth rate, clawing past the 4.3 annual growth rate of dry dog food.

Dry and semi-dry for cats

Ralston Purina extends its domination over dry dog food products to dry cat food as well, with six of the top 10 products.

Ralston Purina also lords the $286 million semi-moist sector for cats, after creating the category with its introduction of Tender Vittles in the late 1960s. Tender Vittles still leads, with a 49 percent share, followed by Ralston Purina's other entry, Happy Cat (28 percent).

Through the combined strength of its dry dog and cat food sales and its semi-moist cat food products, Ralston Purina accounted for about 27 percent of the $5.5 billion consumers spent on pet foods in 1985. The company's sales are twice as large as those of its nearest competitor, Carnation, and more than tripled those of Kal Kan.

With an aggressive program for new products, Ralston Purina hopes to stay on top. One of its more recent introductions is Lucky Dog, positioned to enter the $228 million soft/dry dog food market.

Like most of the dog food categories, the soft/dry segment is showing flat net growth and strong internal turbulence. In 1985, Quaker Oats dominated with its Kibbles 'N Bits 'N Bits 'N Bits (about 45 percent share) and its Tender Chunks (about 28 percent), with Ralston Purina's Moist & Chunky brand in third (11.5 percent) and Campbell and Jim Dandy (Atlanta) trailing with Dinner Rounds (2 percent) and Jim Dandy Tender Moist Chunks (1.8 percent).

Of course, dry dog food is not about to roll over and play dead, especially with a supermarket growth rate (4.3 percent) far exceeding that for both canned dog food (0.2 percent) and semi moist (-0.8 percent), according to SUPERMARKET BUSINESS's 1986 CES figures. The $205 semi-moist dog food category, by contrast, has stayed flat, despite extensive promotion, for years.

Treats for tricks

The pet snack category, primarily aimed at dogs, represents about the only canine-dominated category with significant sales growth— a leap of 6.1 percent, according to SUPERMARKET BUSINESS's 1986 CES.

"The pet snacks area has the fastest dollar growth of any category in the pet food area," says Robin Schofield, group product manager of Nabisco Brand's grocery division.

Growth for cat litter

Brand recognition is a big part of cat litter sales, says Glenn Hansel, vice president of marketing for Lowe's Inc. (South Bend, Ind.). And with some of the most recognized brands in the business, Lowe's—and the cat litter category in general—are doing quite well.

SUPERMARKET BUSINESS's 1986 CES shows a 10.5 percent increase in cat litter sales, adding $26.7 million to supermarket revenues and boosting cat litter sales to $279 million.

"Last year was the biggest year in the history of the company," Hansel continues. Along with strong sales from its "dust free" Tidy Cat and Kitty Litter brands, the company introduced cat litter with moisture-activated and time-release odor control.

Dogfood eat dogfood

There seems to be little doubt that a profusion of new products hurts the sales performance of older, more established brands. But most established manufacturers contribute to new product madness with their own introductions and line extensions. Why? Because they have little choice if they hope to keep afloat in a flooded market. At the same time, most major manufacturers aim carefully to select target audiences and position their product lines to keep cannibalization to a minimum.

But even the largest dog food manufacturers still seem to be fighting a losing battle for shelf space as demand for feline products continues to climb and cat products encroach on canine territory.

"Shelf space dictates success," says Ralston Purina's Pat Farrell. "We're the world's largest pet food producer. We've got a strong sales force to back up all of our products, we've got tremendous brand loyalty. We've got an awful lot going for us. But it doesn't mean it will be easy. The fight for space will continue. It's tough sledding."

—FRANK HAMMEL

FROZEN FOODS

Continued from page 159

foods' most dynamic categories, as marketers have maintained share through fine tuning their lines. Campbell Soup Co.'s (Camden, N.J.) Frozen Foods Group continues its strong presence with the Le Menu line by Swanson, making entrees like Scallops Florentine, Beef Stroganoff and Sweet and Sour Chicken commonplace.

ConAgra Consumer Frozen Food Cos. (Ballwin, Mo.) reports increased sales for Armour Dinner Classics, which initiated the concept of a "gourmet" frozen dinner in 1980. According to Susan K. Hanley, ConAgra spokesman, Veal Parmigiana and Sirloin Tips are two popular offerings.

Changes at ConAgra

ConAgra has also made changes in its venerable Banquet dinner line, with some items repackaged in microwavable containers. Hanley says that Banquet Gourmet, the firm's challenge to The Budget Gourmet, has increased its sales with products like Sirloin Tips Supreme and French Country Recipe Chicken.

Tyson Foods Inc. (Springdale, Ark.) recently introduced a new line of entrees in an effort to cash in on health- and diet-conscious consumers, who are buying more fresh poultry.

One of the greatest challenges facing supermarkets is to stave off competition and lost sales from restaurants and fast food chains. One way they have made inroads is with the increased variety—and quality — of frozen breakfast foods.

In addition to traditional items like waffles and pancakes, the category has been strengthened by Sara Lee Corp.'s Bagel Time frozen bagels. The Chicago-based firm has in turn put pressure on Lender's Bagels, owned by Dart & Kraft Inc. (Northbrook, Ill.) to expand its selection and product advertising.

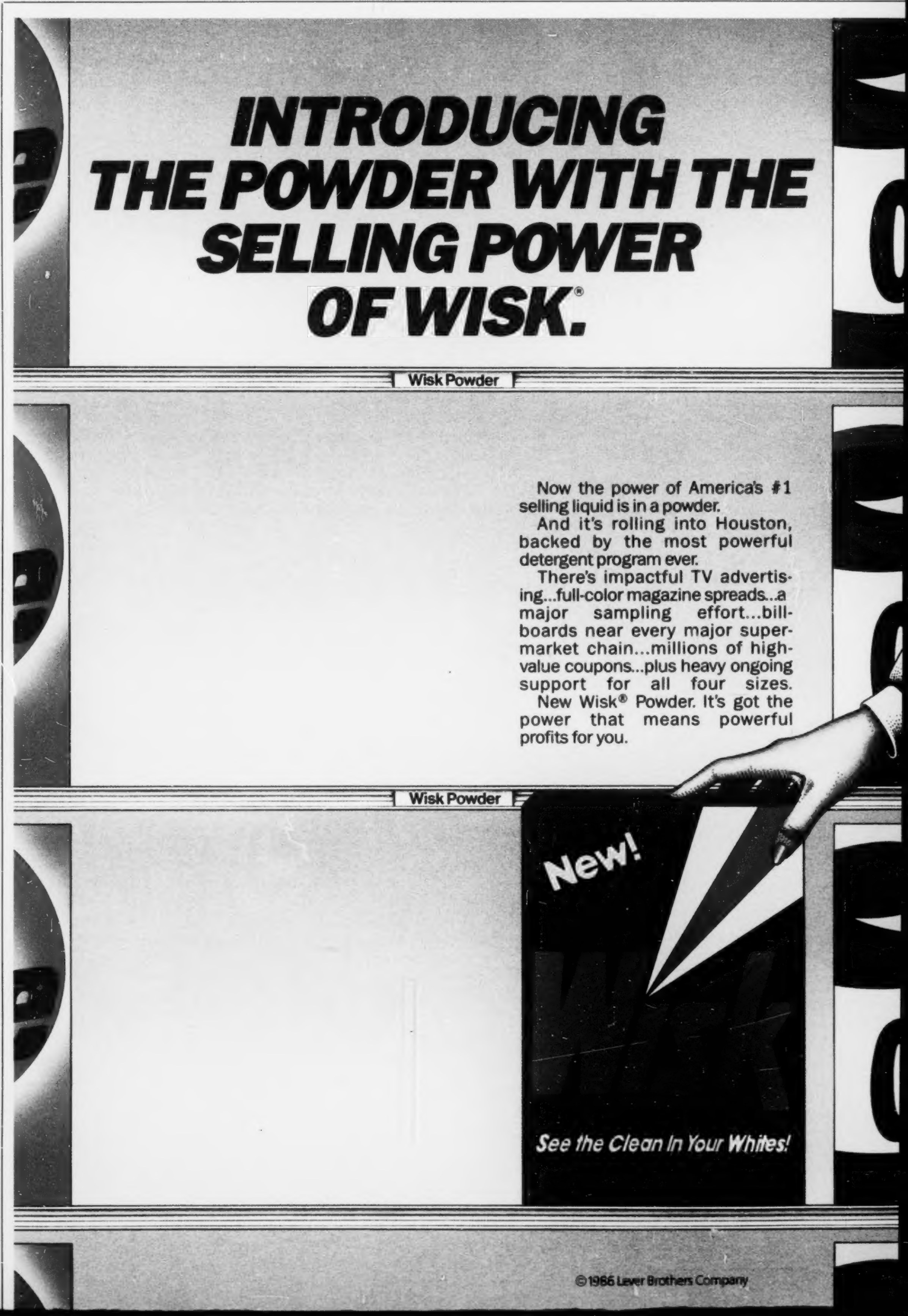
Lender's controls 34 percent of the total bagel market, both fresh and frozen, estimated to be $400 million. Only 20 percent of the nation's population have tried bagels, and Lender's and Sara Lee are shooting for the remaining 80 percent who have never had "one with a shmear."

Swanson introduced its breakfast products in 1969, but the packages did not highlight the specific benefits of the line. So in 1978 the company repackaged all items in trays that could be used in microwave ovens, and the line was renamed Great Starts.

At the same time, Swanson also debuted four breakfast sandwiches, which should be nationally distributed by the end of this year. This line—egg, Canadian bacon and cheese, or beefsteak, egg and cheese on an English muffin; sausage, egg and cheese, or sausage on a biscuit— is designed to meet the Egg McMuffin head-on.

"Since we reformulated the products and added the breakfast sandwiches, we haven't seen greatly accelerated growth, but we have seen double-digit growth every year," says Archie van Beuren, product manager for Swanson Great Starts.

—PETER LEVITEN



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Yogurt provided overwhelming growth within the dairy category during 1985, as cheese experienced an unusually bad year. But consumption levels of both domestic and imported cheeses seem to be on the rise, and new yogurt products are in the pipeline.

DAIRY

Continued from page 145

necessary, he says, as broader exposure is given to yogurt and cheese.

Expanding selections

From that point of view, things may only get worse. Dannon Co. (White Plains, N.Y.), the industry leader, has had a relatively quiet year in terms of product introductions, as the company allowed its Extra Smooth and Supreme yogurts to gain in popularity. The most recent flavor introduction in its regular fruit-at-the-bottom brand, Banana-Strawberry, is well over a year old.

But things may be changing. Industry sources say that Dannon is primed for a Fall and Winter offensive on the yogurt industry, as it brings out a broad range of new products. Company executives will not comment, except to reveal that this month Dannon will bring out a plain-flavored nonfat yogurt in pint and quart sizes.

Sources also say that Dannon is likely to follow its previous strategy of segmentation of yogurts, that is, creating different styles of product that can apply to different situations , but without strictly characterizing the products as, say, breakfast yogurts or dessert yogurts. Barbara Mastoloni, a marketing executive with the company, says that this is probably true, that "Dannon believes in creating all yogurts for all uses."

Whitney's, the Kellogg Co. (Battle Creek, Mich.) yogurt entry, added two new flavors—Pina Colada and Boysenberry—to its line during the past year, bringing the total number of selections to 15. The company will not comment on its strategy in developing its share of the yogurt market, but Marie T. Kitlas, a spokesman for the company, does say that Whitney's is not positioned in as broad a way as Dannon's products. "I think it is mostly developed as a light snack," she says, "though sometimes it is used in place of a meal."

Getting rich

Yoplait, a product of General Mills (Minneapolis), is currently rolling out a new line of yogurt products called YoCreme, all-natural items that seem suited to the dessert trade. The line's five flavors are Strawberries Romanoff, Cherries Jubilee, Raspberries & Creme, Chocolate Bavarian and Amaretto Almond.

But Kim Dickey, a spokesman for General Mills, says that the company is convinced "that you will end up seeing some people eating it for lunch, though it is probably true that it will be seen as a dessert yogurt."

In addition, General Mills will be extending its Yoplait name to the freezer case, with the introduction of Soft Frozen Yogurt in five flavors and designed for snacks in packages containing six individually wrapped servings.

Meanwhile, some would like to bring the yogurt companies down a peg. Just such a company is American Kefir Corp., a Fair Lawn, N.J.-based concern that is bringing to New York area supermarkets a yogurt look-alike that is supposedly lower in calories and better in taste.

Basis Kefir, as the product is known, is made with yeasts allegedly smuggled out of the Soviet Union, and will be marketed both by the Friendship Dairies (New York) and by American Kefir, which hopes to be able to appeal to upscale consumers willing to pay a little bit more (about 10 cents more per serving) for a product with an unusual lineage.

Udder categories

While much of the growth in the dairy business during 1985 came from yogurt sales, there was activity in the rest of the category. Within the milk segment, the move by consumers toward lowfat milks can be seen in the recent call by the New York Milk Industry Council for a change in New York State law requiring that the butterfat content in whole milk be lowered from 3.4 percent to 3.25 percent; the council said that in addition to cutting down on the fat found in regular homogenized milk, such a move would also lower prices by about 2.5 cents per gallon.

Dave Whelan, director of marketing with West Lynn Creamery, a Lynn, Mass., dairy that produces its own dairy products as well as distributes those of national manufacturers, says that just such a trend is clearly seen in the New England area. "It is more toward the 1 percent and 2 percent lowfat," he says.

"Around greater Boston," Whelan says, "sales of 1 percent are heavily promoted for both price and value. Since 2 percent was introduced about three years ago, sales of that have been increasing every year. I think people are going to that because it tastes more like whole milk but is almost as lowfat as the 1 percent."

Educational process

The National Dairy Board (NDB), based in Arlington, Va., is continuing its calcium education program this year, as it strives to head off the occurrence of osteoporosis, a bone-weakening disease, in millions of American women. After distributing four booklets keyed to different age groups in the past year, NDB is now aiming at raising consciousness about specific products. This year, booklets will be distributed about milk and cheese.

And, despite the relative flatness of the category during 1985, Kitty McHugh, a spokesman for NDB, says that consumption is rising at a rate that it considers sufficient. While consumption of milk, measured in pounds, was up 0.7 percent in the first quarter of 1986 over 1985, it represents a 3.2 percent growth over the same period in 1983, and that, she says, is enough.

New packaging

In an attempt to revitalize the milk market, Dairymen Inc.'s Farm Best division (Savannah, Ga.) has introduced in 11 states nonrefrigerated milk that can be kept unopened for up to six months. Available in quart and half-pint individual-serving Tetra Pak aseptic containers, the product can be purchased in lowfat, lowfat chocolate and skim versions, and is marketed under both the Farm Best and the Weight Watchers labels.

Bruce Ellison, vice president of marketing-consumer products for Farm Best, says that his company's long-term expectation is for a "nonrefrigerated dairy case," and that this new milk product is just the first step. The biggest challenge, he says, is making converts out of consumers.

Cheese it

One area of the dairy case that may be reaping the benefits of consumer education is the cheese section, as retailers and manufacturers agree that a certain synergy between the cheese section of the deli and of the dairy case is causing surging sales in both places. According to Kitty McHugh of NDB, cheese consumption during the first quarter of 1986 was up 9.6 percent; American cheeses saw an 8.5 percent jump, while consumption of imported cheese was up 10.6 percent.

These figures contrast strongly with those reported in CES, which indicate that in 1985, cheese sales were flat. The $5.6 billion cheese business, 73 percent or $4.1 billion of which is done in grocery stores, was actually down 0.9 percent in 1985, with grocery store sales exactly even with the previous year. Processed cheeses were up about 3 percent for the year, while natural cheeses were down almost 5 percent.

Indeed, the 1985 figures are at odds with the general upward trend that has helped the cheese industry tremendously in recent years. Per capita consumption figures prepared by the United States Department of Agriculture (USDA) offer no clue to the flat sales of 1985: in 1980, per capita cheese consumption was at 17.6 pounds, which grew to 18.4 pounds in 1981, 20.1 pounds in 1982, 20.6 pounds in 1983, and 21.7 pounds in 1984.

From Merrill Lynch's Teitelbaum's point of view, this kind of flatness is not surprising. "I think it is going to be a maturing industry, with a base growth rate of between 2 and 3 percent," he says. "You're going to see better growth when you see things like Velveeta is doing, putting jalapeno and spices in its cheeses. That will be helping to initiate volume growth. Of course, if we get a big escalation in red meat prices, you could get a trade-off to cheese by those people looking for sources of protein."

Only expansion

But not everyone agrees. William Dorman, executive vice president of N. Dorman & Co., a Syosset, N.Y.-based distributor and manufacturer of natural and processed cheeses to major markets around the country, says that 1985 was an aberration in the cheese industry.

"That was the only year in the recent past when there was any kind of downturn," Dorman says. "I think the government project (handing out free cheese to the needy) might have been a factor. There also might have been a little bit of leveling off, what the boys in the stock market would call 'a correction.' But I think it is safe to say that it was a temporary trend that has reversed itself."

In fact, after 90 years in the cheese business, the Dorman Co. is aggressively pursuing a strategy of growth and expansion, Dorman says. Chief among the company's priorities is a new line of light natural cheeses that are low in fat, salt or cholesterol. "We're really dedicated to this new business," he says. "We have them in Swiss, Muenster, Monterey Jack and Cheddar. While we've been in business 90 years, and in the processed cheese business since 1975, our primary interest these days is in Dorman's Light Cheeses.

"What is really exciting about these cheeses," he continues, "is that they are available so many different ways: sliced, in chunks, or shredded, or even available in bulk form from the deli case." Dorman says that the upsurge in deli cheese counters has managed to boost sales in the dairy cheese case as well.

Bob Denomme, grocery director for Pueblo Inc.'s Xtra Super Food Centers in South Florida, agrees. "We have both a dairy cheese section and a separate cheese section, and both have done very well for us," he says. "Both domestics and imported cheeses are good sellers, and the sales that have been taken out of the dairy case by the deli cheeses have been minimal."

Denomme adds that while it is difficult to gauge the exact impact of the deli section on dairy cheese sales, "I really think we've enjoyed terrific success in both areas, and I think having both of them creates a kind of synergy."

Robert Bremers, a cheese broker with Louisville, Colo.'s Viand Brokerage, says that his impression has been the opposite: that bulk natural cheeses have been affecting dairy cheese sales, though not to the detriment of the supermarkets handling two cheese departments.

"It does reduce cheese sales in the dairy department, but I think you end up with overall increased sales," Bremers says. "The bulk cuts are usually going to win out, especially if you merchandise them next to or near each other. It can't help but hurt the dairy case because the consumer has only so much money he is going to spend on cheese, and prices for bulk cuts are now getting cheaper."

Despite the national sales lull for cheese during 1985, Bremers expresses no concern. "The company we work with had sales go up tremendously in the past few years," he says. "In 1984, they did $2.5 million in sales; in 1985, they did $8.5 million." That kind of growth, he says, can only result in increased cheese offerings.

"All the trade groups we've talked to say that sales are very strong," Bremers says. "They're putting a lot of money into promotion. Until now, they've only been in specialty stores, but they're starting to kick into supermarkets." The result, he says, is heightened competition. "I see a lot of processed cheese manufacturers adding specialty natural cheeses to their line."

—KEVIN COUPE

While cheese consumption has generally been up, 1985 saw slight decreases in cheese sales, an event experts say is just an aberration. In 1986, cheese sales look terrific.

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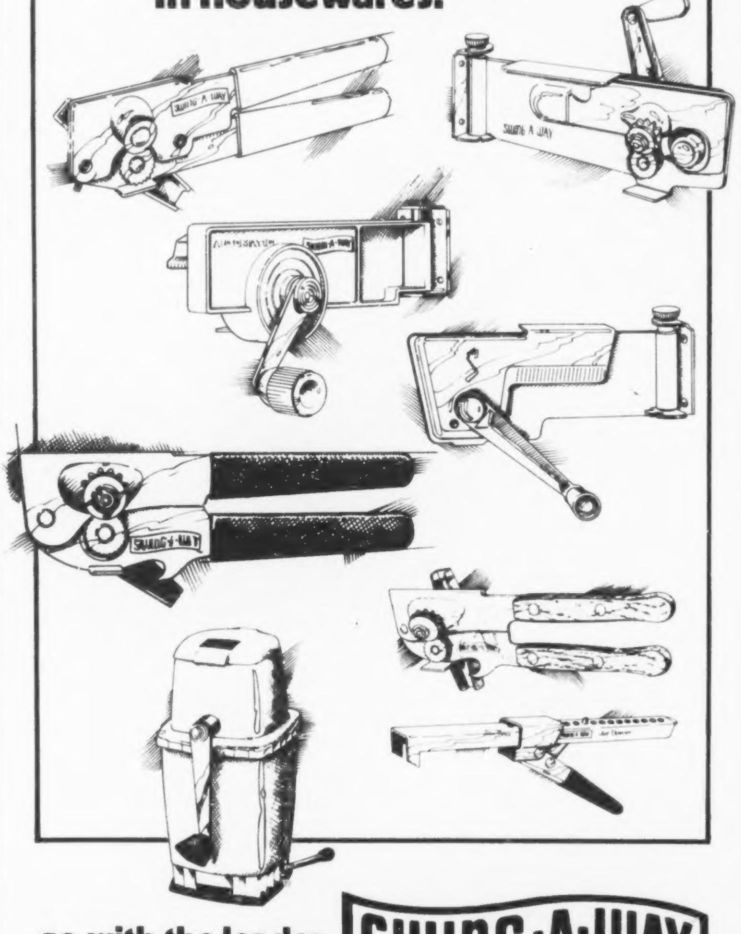

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General Mills was the big winner, increasing its market share to 23 percent. Post cereals lost more than four percentage points in market share during the same period.

CEREAL

Continued from page 140

Kids, were withdrawn from the market because of what industry experts call severe positioning problems. In both cases, the product was not promoted enough because of the company's other activities; in the case of Cabbage Patch Kids, there was an additional image problem.

"They made it very clear to mothers that Cabbage Patch Kids was low in sugar, but that wasn't enough to make a go of it," says one industry observer. "They never made it clear why it should appeal to kids. It was more a positioning problem than anything else, but that was enough."

Despite the fact that both of the withdrawn products were based on character licenses that proved to be transient in appeal—at least in the cereal aisle—Ralston-Purina continues down that path in its search for the next great children's cereal.

Ghostbusters, based on the hit motion picture of the same name, debuted last February, and G.I. Joe is being replaced by Nerds, a crunchy cereal based on a candy by that name. Nerds also boasts what may be a first for cereals: packaging with two bags of cereal in each box, allowing for different flavor choices each day. One box has grape and strawberry, the other orange and cherry.

Ron Penoyer, a spokesman for Ralston-Purina, says that the company persists in this strategy because it creates excitement for the brand, and he maintains that the two new cereals will have long life spans.

Nerds, he says, will appeal because of its unique packaging, while Ghostbusters will be pegged to a new Saturday morning cartoon series based on the movie, and possibly to a "Ghostbusters II" film that is continually rumored to be in preparation. "I think we've been pretty shrewd about this," he says.

Not everyone shares that kind of confidence in the licensing game. Ken Defren, a spokesman for General Foods Corp., says, "That may be their strategy, but it is not ours. It is just not our approach. We believe in creating sustaining products that will have a long life in the marketplace."

While Ralston-Purina has invested in the licensing craze, it also continues to bring out products with a less limited appeal. According to Penoyer, 1985 saw the introduction of Almond Delight, a cereal made of rice or corn flakes lightly dusted with brown sugar and including almond slices, as well as Sun Flakes, sweetened with 100 percent NutraSweet. Both, he says, have performed up to expectations, and are representative of the company's equal focus on cereals for both children and adults.

"What makes this entire category very interesting is the enormous amount of competition," he says. "Some stay, some go. I think you have to prove over a period of time to the trade that while you remain serious about your core brands, you have exciting new products to introduce. And you have to continue to prove that to the trade."

Just such a process is taking place at the Quaker Oats Co., where Oh!s, a family-oriented cereal, is currently being rolled out nationally. Oh!s is the seventh ready-to-eat cold cereal brand marketed by Quaker Oats, only one of which—Cap'n Crunch—is a children's cereal.

Foisted Mr. T

"If we have growth coming, it is not necessarily in just one age category," says Ronald Bottrell, a spokesman for Quaker Oats. "Our company is trying to find niches where it can and to capitalize on the success it has had in the category."

Indeed, Quaker Oats has proven that it is willing to try new children's cereals and tie them to faddish characters: it is the company that foisted Mr. T cereal on the nation.

"That's true," says Bottrell. "We introduced it a couple of years ago, and it had a short life cycle." But he stresses that short does not necessarily equate to unprofitable. "It was a profitable cereal. We made money on it. It is still available in certain markets, and it was not a money loser by any means. It did what it was expected to do."

Nabisco has the distinction of being the sole cereal manufacturer that does not market a children's presweetened cereal, and which consequently does not have licensed characters of any kind adorning its cereal boxes. "Nabisco is selling food, not cute characters," says one industry observer. The company brought out two entries during the past year.

Shredded Wheat & Bran, an extension of Nabisco's popular Shredded Wheat line of cereals, was rolled out on a national basis, while Fruit Wheats, a brand new item, was test marketed on the West Coast.

Adult concentration

General Foods, the big loser during 1985 with a four-point decline in market share for its Post brand, spent much of the year repositioning itself within the industry. Trecie Fennell, a spokesman for the company, notes that much of the activity took place in the adult cereal category, as Post struggled to improve its image in that area.

Two new flavors, Mountain Trail and Harvest Medley, were added to the Post Fruit & Fibre line, while its Raisin Bran cereal started using unsugared raisins and had its name changed to Natural Raisin Bran. Post's 40% Bran also received a name change, to Natural Bran Flakes, and the level of fiber used was increased. A new product, Post's Horizon, was introduced and positioned as a trail-mix cereal.

One company that is looking to instigate an entire change in the philosophy of breakfast foods is the Kashi Co. (La Jolla, Calif.), which recently introduced two new cereals featuring the company name. Both blend oats, brown rice, rye, winter wheat, triticale, buckwheat, barley and sesame seeds; regular Kashi is cooked like rice, while Puffed Kashi is a ready-to-eat cold cereal.

Hot stuff

In the hot cereal category, the coming year will likely see one significant deletion and some upscale additions, according to industry experts. The withdrawal of Sunmaid Instant Hot Cereal is expected, since the product, despite a repositioning and the creation of new packaging last year, continued not to perform as expected by Ralston-Purina.

And, at Quaker Oats, the company is proceeding to introduce new flavors in its line of Instant Quaker Oatmeals, a new line of fruit-and-cream hot cereal products and to create new varieties of flavored slow-cooking Quaker Oats. The latter, according to spokesman Bottrell, will be positioned as premium products and are expected to perform strongly among adults.

—KEVIN COUPE

As health snacks get sweeter, candy gets healthier. And the hybrids straddling both categories—coated granola bars—seem particularly promising.

CANDY

Continued from page 132

the spokesman says. Christmas and Easter tie for second, and Valentine's Day lags behind.

The basic strategy to maximize profits? Cross-merchandising, building adequate displays, and, most importantly, "getting the candy out there early enough to compete with discounters and mass merchandisers," he says.

"Usually that means 30 days before holidays. For Halloween, we have some displays out as early as mid-September—you can run it right along with your back-to-school promotion, take what doesn't sell, and push it right back into your Halloween promotion."

The trickiest part about planning for Halloween treats, or candies geared to any passing occasion, the spokesman says, is assessing the right volume.

"We decided to stay away from all of that—we don't cater to the holidays," says one Midwestern retailer. "The regular candy sells fine, without advertising or anything and if we end up with leftovers, we don't have to sell them at a reduced price."

As candy and health snacks manufacturers strive to broaden their consumer base, the traditional wall between the two categories is being chipped at from both sides. M&M/Mars's new Kudos bar and Hershey's First Trail are both hybrid confections too sweet and chewy to be considered granola bars, in the classic sense, and too grainy and "healthy" to be thought of as pure candy.

Harmony Snacks, founded in the late '60s as a maker of 100 percent natural fruits, nuts and grains sold to health food stores, is sweetening its sales with confectionery lines. The most recent addition to the company's stock of snacks is dried fruit and nuts covered in chocolate.

Sweet snacks seem a timely solution for consumers torn between their heightened awareness of nutrition and their love of sweets.

"People are more aware of nutrition, but that hasn't had a big impact on sales," says Dave Goeckler, manager of field sales development for Hershey. "Perhaps it's just the opposite—people are viewing confectionery products as a fun-filled snack to eat. It fulfills a lot of psychological needs for people—it's a pick me-up, it's a treat, it's a break from the job, a treat for something well done."

Even Harmony Snacks is promoting the "reward" quality of its products. "As you can see with our point-of-purchase (POP) materials, we're really taking advantage of the current interest in health and sports," says Connie Franceschi, marketing services director. "'Quality snacks for active lifestyles'—that's our I.D. line."

A future investment

Two years ago, when M&M/Mars announced its $5 million sponsorship of the Olympics, critics denounced the move as sham commercialism and business folly. But while it remains unlikely that kids will be able to attain Olympic fortitude simply by gobbling up the candy endorsed by their idols, M&M/Mars might be in a position to reap the benefits of its sponsorship for years to come.

"Candy loyalty is very strong—stronger than many other food items," says M&M/Mars's Whitney Hill. "Very few items break into the top 10. It's happened only once in the last 10 years, with Twix," he says. "We're always looking for ways to satisfy consumer wants. Those preferences change over the years. The trick is to fill a niche at the right time."

—FRANK HAMMEL

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ARRESTING OFFICER'S REPORT:
10:06 Suspect enters Harry's Grocery at 9th and Broadway.
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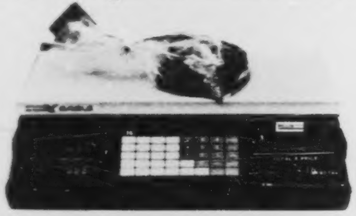

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The battle of the frozen low-calorie entrees is on, as Budget Gourmet's Slim Line tries to upset Lean Cuisine's lead. Meanwhile, Weight Watchers continues to stress good taste.

DIET FOODS

Continued from page 154

gory is growing crowded, Diamond believes there is room for more.

"I think it depends on the product," he says. "Just because a category is large or just because it is growing doesn't mean there is necessarily room for growth. There isn't if you are just another 'me too' product. I mean, why bother?"

But Budget Gourmet Slim Line, he says, was designed as anything but that. First, he says, it tastes as good as anything on the market, and it comes in a container that can be put in either the microwave or the oven. And more than that, it is cheap, as much as a dollar or more below Lean Cuisine and Weight Watchers prices.

For the latter competitor, Diamond suggests, its very name will continue to be its own worst enemy. "When you pick up a product named Weight Watchers," he says, "it is emphasizing a negative." And if that's the case, the only real competition is Lean Cuisine.

That may be the view from California, but in the Boise, Idaho, headquarters of Foodways National Inc.—manufacturers of the Weight Watchers frozen entrees—the attitude is quite naturally different. In fact, it is positively upbeat, a continuing result of aggressive advertising and what the company terms its success in turning around the taste issue.

"We feel very positive about our campaign and how it focuses on the good taste of our products," says Meg Carlson, product manager for Weight Watchers. "In our last fiscal year, we showed growth of 14 percent, and we were up 25 to 30 percent in each of the previous three years."

Pause to reflect

Carlson said her company contends that something of a "consumer pause" is occurring, that in view of the rapidly expanding number of offerings in the frozen low-calorie category, people are doing some sampling but not making any radical changes in their buying habits. "In the low-calorie segment, it may well be that the penetration is going to level off." In such an event, she says, the Weight Watchers name will be positive rather than negative.

According to Heinz USA, the Pittsburgh, Pa.-based company that owns the Weight Watchers program and products, the company's research shows that non-Weight Watcher consumers seem to have few qualms about buying and eating the products. "When our company acquired Weight Watchers, 60 percent of the people who purchased the products belonged to the program. That trend has totally reversed itself, and now 65 percent of the consumers buying our products are weight watchers—but not Weight Watchers."

Minor players

Heinz's Beth Adams ascribes this shift to the company's concentration on making products that previously never would have been thought to be dietetic, such as chocolate cake and carrot cake. "They're wonderful," she says, and notes that two new products are going on the market from Weight Watchers: a double fudge bar with only 60 calories and a fruit juice bar with 50 calories.

ConAgra Consumer Frozen Food Companies, located in Ballwin, Mo., is not conceding anything to Budget Gourmet either, although its reported market shares are far below that of the Slim Line brand, with the Classic Lite line having a 6 percent market share and Lite & Elegant about half that. Susan K. Hanley, a spokesman for ConAgra, says that in the past year both lines have undergone a certain amount of change.

"We have added five new entrees and we deleted some," she says, noting that dishes calling for items such as shrimp and scallops have been scrapped in favor of those calling for such delicacies as stuffed cabbage. "Part of it was that some of them were not selling so well, but mostly it was because we were having trouble getting the seafood for the recipes."

The folks at The Stouffer Corp. (Solon, Ohio), makers of category leader Lean Cuisine, prefer to remain above the fray, concentrating on preserving their domination of the category. "We'd rather not comment on what other people are doing," says Marguerite Dannemiller, a spokesman for the company.

"Lean Cuisine introduced three new products this past year: Tuna Lasagne, Turkey Dijon and Veal Primavera, which was our company's first veal dish," Dannemiller says. "All have done very well. We're very pleased with the volume that Lean Cuisine continues to do, and we plan to continue offering the variety consumers seem to want." But beyond that, on issues such as heightened competition among low-calorie frozen foods, Stouffer's will not comment.

Fruits and veggies

Of course, the frozen food section isn't the only department where the low-calorie battles are taking place. Canned low-calorie fruits and vegetables still remain a force in the category, albeit a lesser one with the improved taste of frozen foods and increased consumption of fresh produce items.

Dan Thornton, marketing manager of brands for Tri-Valley Growers, producers of both the Libby Lite and Diet Delite lines, says that his company's figures indicate a small surge in sales over the past 52 weeks, up about 2 percent over the previous year. Tri-Valley, however, is not overly optimistic about a reversal in its recent fortunes.

"We're really placing all of our emphasis on the Libby Lite line," Thornton says, noting that Libby Lite shares the category lead with Del Monte. "That's the one that seems to be growing. People are looking for a healthful product, but not necessarily one that is a diet product."

A similar experience is related by S&W Fine Foods Inc., the San Mateo, Calif.-based firm that produces the regular S&W canned fruit line, the Natural-Style line and the S&W Nutradiet line, as well as a line of salad dressings and condiments. "There does seem to be some resurgence in canned fruit, with most of the growth coming in the light fruit lines," says Richard Fink, vice president-marketing.

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the label design," Fink says. "We hope it will help, but we don't think it will solve all our problems. What growth we're seeing is coming through the acquisition of new markets." And, he says, through the gradual movement of S&W's light and diet products to the regular canned section of supermarkets.

"Research indicates that canned low-calorie foods are very acceptable if you put them in the regular canned section," Fink says. "The diet section cuts down on the movement." He suggests that the word "diet" still has a negative connotation, and that many people won't shop the diet section of the supermarket because they don't want to face what it implies.

The issue of taste in diet foods is nowhere of more concern than it is at the Minneapolis, Minn., headquarters of Sandoz Nutrition Corp., makers of the Featherweight line of foods designed for people on medically directed diets. Beth Hvass, product manager for Featherweight, reports that the past year has been one of major transition for the company, as 50 of the line's 180 items—many of them allergy-related products—were dropped. Even more important, the company instituted a dramatic reformulation program.

Less no longer best

"Our past philosophy was always that less is best," Hvass says. "The lowest calories, the least salt. But our consumer research indicates that people are willing to take a little more salt if the product is going to taste better. So, we've changed our philosophy. We've doubled our staff in research and development, and we have reformulated about half the products we put out that can be reformulated, and will complete the other half within a few months."

Among Featherweight's moves over the past year was to eliminate saccharin from all its products, substituting NutraSweet in almost every case. "We think that NutraSweet is terrific," Hvass says. "We wish the FDA would approve it for more products."

Shaping up, flattening out

That is just the kind of thing G.D. Searle & Co., the Skokie, Ill.-based manufacturer of NutraSweet, likes to hear. Bill Vaughn, a spokesman for the company, says that during the past year, NutraSweet has been used in more than two dozen new products, everything from cheesecake to gelatin, powdered drink mixes to calcium supplements. The number of new products is somewhat lower than in the past, he says, because so many products on the market already have it.

But more are still to come: use of NutraSweet in frozen novelties, such as fudgsicles and creamsicles, is awaiting approval from the FDA, and ice creams and yogurts are next on the list, he says. And while it hasn't happened yet, "I imagine at some point the market will flatten out."

Which is exactly what diet-conscious consumers would like to do.

—KEVIN COUPE

BEER

Continued from page 125

expansion into new markets; Coors is still sold in only 45 states, and publicly will say only that it expects to be national "by the end of the decade."

But beyond that, the company has enjoyed an increased awareness and improved public image through its advertising campaign, a campaign that it says has affected both Coors and Coors Light.

"A lot of what the Mark Harmon campaign discusses, such as ingredients and brewing procedures, are common to both brands, and I think it is correct that there has been some rubbing off," says Rob Klugman, vice president of sales and marketing for Coors.

Coors is currently marketing its third brand, Coors Extra Gold, in selected areas, including northern California, Nevada, Idaho, New Mexico and west Texas.

Money talks

"In the recent past, the dollar has been strong against other currencies, and while it has not reversed itself quite yet, it has started to. That hasn't been reflected in shelf prices, so retailers and distributors must be eating the increased costs," Klugman says.

While it suffered a slight market share decrease during 1985, G. Heileman Brewing Co. (La Crosse, Wis.), which specializes in manufacturing and distributing regional beers such as Old Style and Lone Star, recently declared record second quarter earnings, a result of what Russell G. Cleary, president of the company, called "pricing movement initiated during the 1986 first quarter together with stable material and manufacturing costs and a product mix shift toward higher margin brands."

Trading in on the trends

The latter refers to Heileman's efforts as U.S. importer of Hacker Pschorr beers from West Germany, which have been successful enough that Heileman is now starting to import another German beer, Moravia. Noting that as large a company as Anheuser-Busch is also beginning to get into the importing business with Carlsburg beer and Elephant Malt Liquor, Cleary says that importing foreign beers is a good way for domestic brewers to take advantage of the growth in that segment of the beer industry.

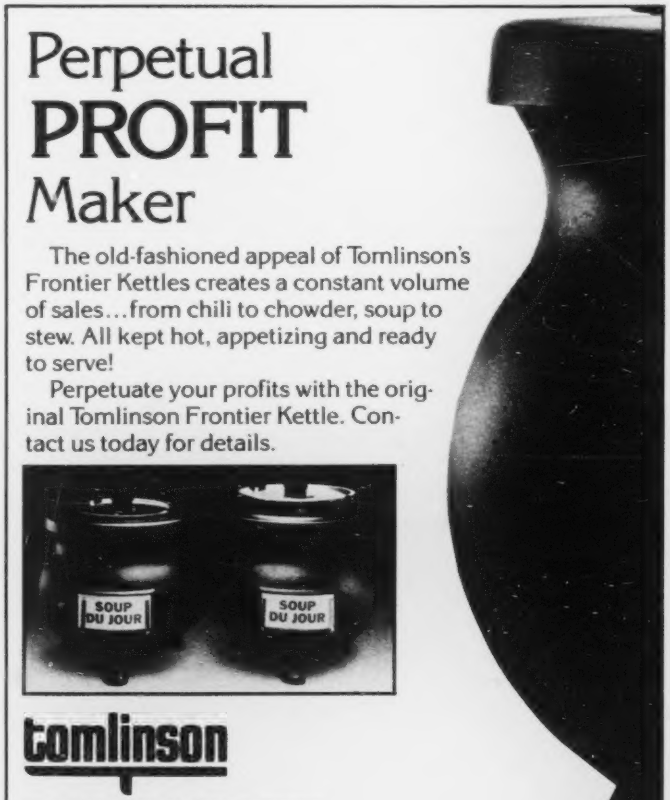
Philip Van Munching, special projects representative for Van Munching & Co. (New York, N.Y.), importer of Heineken, Amstel Light and Grizzly, and grandson of the company's founder, says, "Imported beers would probably make up less than 1 percent of all Anheuser-Busch's sales, and I'm not sure they'd feel the impetus to put all kinds of marketing support behind it."

Even if a large domestic brewer did decide to import and heavily promote a foreign brew, Van Munching has his doubts. "You can't build an import that way," he says. "You may be able to force a product onto the market, but you can't force a consumer to drink it." He points to Masters as a prime example of just such a failure.

Ray Hyde, spokesman for Guinness Import Co. (Stamford, Conn.), agrees. "The import business is really insignificant to them, unless they wanted to set up a special team that could nurture an import," he says.

Thomas H. Schwalm, vice president of sales and marketing for Dribeck Importers (Greenwich, Conn.), which brings Beck's Light and Dark

Continued on next page



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Currently just in 26 states, Corona may not get to the East Coast until early 1988; still, industry analysts think it is well on the way to being the number two import in the country.

beer to the U.S., says that his company is placing new emphasis on supermarket sales as on-premises consumption declines because of new attention focused on drunk driving laws.

Retailers, he says, are responding well. "They realize that if they make 6 percent on Schaeffer, they are getting maybe 60 cents per case, but if they make 6 percent on Beck's, they are making three times that."

Supermarket promotions

"Supermarkets are becoming an exceedingly important vehicle for us," Schwalm says, noting that this year Beck's has sponsored two special promotions to stimulate supermarket sales: a Spring "Beck's Beer & Burgers" campaign, and a fall Oktoberfest-themed event.

Peter J. Fearon, president of Martlett Importing (Great Neck, N.Y.), U.S. importer of number-two import Molson, concurs with Schwalm's assessment. "Corona has certainly helped the import business, but we'd be foolish not to recognize the incursions Corona has made on our business," he says, though he refuses to divulge any figures.

Guinness Import's Hyde says that the broad-based consumer interest in Corona is also reflected in a new marketing program developed by his company for its imports. "We've stopped constricting our portfolios," he says. "We used to sell ethnic brands to ethnic establishments: Bass Ale to English bars, Guinness Stout to Irish pubs, and so on. Now, we're trying to make it available to the mainstream."

Selling by the hundreds

It seems to be working, he says. "We don't release figures, but we'll admit to between 25 and 30 percent sales growth in the last year." Part of the growth can be traced to Kaliber, the nonalcoholic entry brewed by Guinness, the fourth-ranked such beer in the United States. Hyde says that on July 3, "we had 100 cases of Kaliber delivered to Stew Leonard's up in Norwalk (Conn.). They were sold out by July 6, and they keep selling it at that rate, which delights us no end."

Not quite so strong is Kronenbourg, the German import taken over from now-defunct Kronenbourg USA when the parent company wanted to take advantage of Guinness's superior distribution mechanism.

Van Munching & Co.'s flagship import, Heineken, continues to grow at a rate of about 4 percent, according to Philip Van Munching. "We're rather pleased that in the imported market, where there are so many more beers than there used to be, we continue to grow," he says. Amstel Light, the number one imported light beer, is growing at a much faster rate: 60 percent in 1985, with equal growth expected this year.

The company's Canadian import, Grizzly, currently is experiencing stagnant sales, and the company is looking to give it an older, more upscale image. "Grizzly couldn't have been timed worse," says Van Munching. "Just as it was really getting popular with college students, the drinking age went up all over the country, leaving us with only one-quarter of our consumer base."

A matter of pride

But if Van Munching has been plagued by anything resembling bad luck this year, it has been the attacks on it by Boston Beer Co.'s Samuel Adams Beer, which has advertised itself at the expense of Heineken, criticizing it for using additives to preserve it during importation to the United States.

One ad, showing a Heineken bottle, reads, "Give us your tired, your poor...," and suggests that the Dutch import is inferior. Jim Koch, owner of the Boston Beer Co., has even begun selling his product abroad, and American visitors to Germany and Austria have reported their surprise at seeing Samuel Adams being served in pubs there.

Van Munching says his company will probably not sue Koch, despite much urging from outside interests. "If he invokes the names of the big boys, he just gets press," he says. And he suggests that if Samuel Adams is successful enough, Koch will have to change his brewing procedures to mass produce it—and thus put in the same kind of additives that Heineken does.

Easy does it

Samuel Adams, perhaps the most successful of the so-called "boutique beers" that have become popular across the country, currently is sold only in New England and Washington, D.C., and Koch says he plans to continue his cautious roll-out. "Economics dictate that beer be shipped by the truckload, and I'm not going to ship a truckload of my beer if there is not enough demand to turn it over every two or three weeks," he says. "My next stop is Philadelphia, and then, early next year, maybe we'll go to New York."

Koch is outspoken about the direction the beer industry is taking, especially when it comes to corporate attitudes toward beer. "Masters, I thought, was an embarrassment. I mean, Coors is one of the finest brewers in the world, and they thought that in order to make that beer credible, they had to go to a Bavarian and basically make a fake European beer. All I'm trying to convey is that there is no reason we can't make a great beer in the U.S.; I think Masters would have been more successful if they'd tried to sell beer instead of bull."

Koch says that in its own beer commercials, Coors has gone the opposite way, and he thinks that's why the brand is growing. "I like those commercials because they talk about beer. They're not about how to pick up women. And I find that refreshing."

Refreshing is just one way to describe another boutique beer's approach to advertising: Boulder Brewing Co. (Boulder, Colo.) calls its Boulder Extra Pale Ale "the ugly beer," but points out that "it doesn't have to look good to taste good."

Jerry Smart, president of Boulder Brewing Co., says that the ugliness of the product comes from the fact that brewer's yeast is left in the bottle, giving off carbon dioxide that produces a naturally foamy head. "When you pour it out, sometimes it is a little ugly, and if you don't know that, it can be an unpleasant surprise. To a beer connoisseur, it is a wonderful surprise."

In addition to its ale, Boulder Brewing Co. makes a porter that is "just as ugly, but it is dark so you can't see it." On St. Patrick's Day and Christmas, it distributes an equally ugly stout. Currently, the products are in about a dozen states, and Smart says supermarkets are beginning to be open-minded about such products. "Two years ago, they wouldn't talk to you," he says. "But now they do." For in spite of an overall lack of growth, good beer remains good business.

—KEVIN COUPE

ON MARKETING

New Products...New Promotions...New Marketing Trends

JERGENS JUST WANTS TO MAINTAIN DISTRIBUTION ON LIQUID SOAP

Firm essentially concedes dominance of the liquid soap market to Minnetonka's Soft Soap brand, so the brand position, at least in trade presentations, is to establish promotional power for the product, and growth in certain elements of the category, to maintain distribution.

First, there's the consumer support program, currently featuring an August 3 national free-standing insert (FSI) with a 30-cent store coupon on one bottle of Jergens Liquid Soap (any size). The Cincinnati firm says this is "the highest value coupon event ever fielded on Jergens Liquid Soap. It exceeds the value of competitive coupons. It's a proven trial-generating device, supported by 4,200 gross rating points (GRPs) delivering 2.5 billion advertising impressions behind the Jergens name in 1986."

Jergens also wants the trade to stock and maintain the refill package, with packaging that now maintains "the Jergens look," emphasizing the product logo and presenting the brand's "lotion enriched" benefit. And Jergens points out to buyers that "refills represented almost 50 percent of liquid soap tonnage last year."

Jergens's main pitch is to stock both decorator and refill sizes adjacent to Softsoap, "with an equal number of facings," using supplied shelf organizers for easy stocking and maintenance. Naturally, the firm wants its brand right next to the leader, to grab off incremental/trial purchases by brand switchers.

Current trade deals offer $1.23/case on the 7.5-oz. (12's) decorator pump, off the regular $10.56 case cost, for a 78-cent deal unit cost; and $3.43/case on 18-oz. (12's) refills, off the regular $17.10/case cost, for a $1.14 unit cost on deal.

ORE-IDA TARGETS BOWLING AUDIENCE IN FSI- DELIVERED PROMOTION

Heinz division buys off on the National Bowling Council's audience size and demographic story (8 million + league bowlers alone visit bowling centers every week, plus 5 million regular "casual" bowlers).

Result is a Free Bowling promotion that ran in August and September, with the announcement in August 10 full-page free-standing insert (FSI) with 40-cent store coupon, and follow-up half-page FSI on September 8 with two 20-cent coupons. Both ads had full national 47 million circulation.

A TV blitz covering the promotion used specially-produced commercials the weeks of August 3 and August 9, with 15 million free bowling offers on-pack in August and September.

Ore-Ida tells buyers that "there are many similarities between the bowler profile and Ore-Ida users." Strong deals on key Ore-Ida items help the sell-in. Typical is $1.20/case on 24-oz. (12's) Shredded Hash Browns, yielding a net unit cost on deal of 89 cents.

POLY-TECH TAKES A DIG AT HEFTY BAGS BY HIRING JONATHAN WINTERS

The figuring is that comedian Jonathan Winters is associated with plastic bags as a category as much as, or even more than, with Mobil's Hefty Bags specifically. That's why Foly-Tech has hired him as a spokesman for its line of Ruffies Plastic Trash Bags.

This is a line positioned as a quality product at a lower price, and the firm claims it's the "Number one brand of plastic bags in the nonfood trade." The product thus hits the ground running, has a "high level of consumer acceptance/awareness."

The line includes 40-count tall kitchen bags, 25-count 30-gallon trash bags, 18-count large trash bags and 12-count heavy-duty lawn bags, all on introductory deals, as the brand looks to penetrate supermarkets.

Television advertising got under way in rollout markets July 7, averaging 596 gross rating points (GRPs) per month, and featuring Jonathan as a "well-known trash bag spokesman." Commercials challenge both Glad and Hefty Bags to "tests of strength." Upcoming coupon ads run September 28 and November 16, with 25-cent in-pack repurchase coupons running throughout the period. There's also a $1.50 coupon refund via mail.

One of the ways the product cuts costs is in its own packaging, which is a simple poly bag overwrap, instead of a full-color cardboard box with perforated openings, and other conveniences.

SUPERS USE MORE, SPEND MORE ON CONTINUITIES

Supermarkets are like national brands in that they need to generate maximum user loyalty. That's why continuity promotions and bonus coupons represent the promotional tactics most heavily used by supermarkets today, according to a Cornell University study.

The box below shows how Cornell ranked eight types of consumer promotions, in terms of percent of chains using them, and total percent of promotion expenditures.

Cornell reported that average expenditues for the eight types of promotions came to about $36,500 per store per year. While continuity promotions—designed to maintain shopper loyalty—are the most heavily used, chains are spending the most on them, in terms of total promotion budget.

PROMOTION	EXPENDITURE PERCENT	PERCENT OF CHAINS USING
Continuities	32.2%	48.9%
Trading stamps	31.2	8.5
Bonus coupons	10.6	40.4
Controlled markdowns	9.8	34.0
Tape plans	8.1	14.9
Other saver plans	5.9	10.6
Games	1.4	10.6
Sweepstakes	.8	8.5

TUNA WARS WAGE AS BUMBLE BEE AND STAR-KIST DO THEIR OWN THINGS

Tuna wars are definitely on. But two major combatants are strictly doing their own things.

For Castle & Cooke's Bumble Bee brand, the promotional noise is over a new patented "E-Z Open Safety Lid," on 3.5-oz. cans of Solid White in Water. For Star-Kist, the hoopla marks the 25th anniversary celebration of Charlie the Tuna.

Bumble Bee is featuring its 3.5-oz. convenience package in a 132-unit self-shipper floor stand, billed as "ideal for promoting trial and instore impulse purchases. The compact and completely self-contained piece takes up only 1.6 square feet of floor space." The multi-unit shipper carries $3 in allowances off the $94.94 regular cost, yielding a per-unit deal cost of 70 cents.

Star-Kist is going the special premium route to celebrate the 25th anniversary of the product's cartoon spokesfish. August free-standing insert (FSI) ads (47 million circulation) included details of a Charlie the Tuna commemorative watch offer.

A total of 100 million cans of Star-Kist appeared on the shelves in August, also carrying details of the offer, backed by instore point-of-purchase materials. Huge deals on 6.5-oz. Chunk Light Tuna in either oil or water (48's) offer $15.45/case off the $43.89 regular cost, for a deal unit cost down to 59 cents. ■

Entrepreneurship is alive and well in snack foods. With the significant exception of Frito-Lay, regional brands such as Charles Chip in the East, and Granny Goose in the West, carve out tasty bites of the market.

SNACKS

Continued from page 197

Whelan, vice president and general manager at Jays. "It's the connection we're after. We want them to think of lunch on the back porch, baseball on a hot summer day, Randy Hundley tagging someone out at the plate and Jays potato chips.

"It's a natural connection with those close-to-home feelings we hope will build and reinforce brand loyalty, which is the key to tapping into the male shopping habit."

Whelan believes the promotion offers a synchronicity of effective marketing and deeply felt yet rarely acknowledged emotions. "We thought about when men develop brand loyalty, at what age in their lives, and decided to align our newest marketing program with the simple, easy and fun-filled days of boyhood," he says.

Because the contest is limited to men 30 years of age and older, Jays was able to direct its efforts to a specific target group, one that will comprise half of the country's spending power by the end of the decade.

Sales are popping

One habit that has definitely changed is the volume (and preferred form) of popcorn that Americans consume. Touted for its low cholesterol and high-fiber content, sales have boomed in the last few years. One reason for the increase is the introduction of popcorn in packages designed for use with a microwave.

According to SAMI data, microwavable popcorn, in both frozen and shelf-stable forms, accounts for 25 percent of the volume for unpopped popcorn, yet contribute more than half of the dollar value.

The Pillsbury Co.'s frozen microwave popcorn was introduced to test markets in 1978, and became available nationwide in 1982. Since then the product line has grown to include butter and salt-free packages.

Orville Redenbacher, the bow-tied Kernel King, has brought his share of sales to Chicago-based Beatrice Companies Inc. with the industry's first branded line of gourmet unpopped popcorn. The line has expanded, and now includes a shelf-stable microwavable version.

Snack foods buyers across the country report that local firms manage to attract customers and keep them through a combination of strong snack lines, consistent advertising and aggressive product introductions. When a category of the supermarket has basically one national company, that creates opportunities for smaller companies.

Strength in smallness

Granny Goose is one such firm. Frequently mentioned by West Coast buyers as a successful entry, the manufacturer distributes primarily in California, Nevada and Hawaii. One of its most popular products got its name (and style) from the 50th state.

"Hawaiian Style potato chips are one of our strongest products," says Jim Clizbe, senior vice president-marketing and sales at Granny Goose. The chips complement a full line of strong sellers like barbecue, ripple cut and sour cream and onion. Clizbe adds that the company's line of half-salt products, introduced several years ago, is very popular.

Tortilla strips, white corn chips with a slight curl, are another regional favorite. Granny Goose sells some of its line in health foods stores and specialty shops in New York, and Clizbe says his company "is always looking to come up with stronger representation through brokers and distributors."

Sourdough snacks

Another line reflecting good taste and healthiness is Old San Francisco Style Sourdough Bread, which is cut one to one-and-a-half inches in diameter, baked with the authentic dough mix, and is available in regular or whole wheat, both with cheese flavor. This Fall will see two additional new lines: flavored bagel chips and Cinnamon Toasties. This seasoned french bread, cut into small rounds, has tested well and is already used by some parents as a breakfast alternative for their children.

Clizbe reports that sales are running 14 percent ahead of 1985, and credits quality products and smart introductions, along with promotions like tie-ins with the Oakland A's.

For merchandising techniques, Clizbe notes the impulse nature of snacks, saying, "It really helps if you can sell them with other foods that go naturally, like soft drinks. Endcap displays are also an extremely valuable merchandising objective, and we've been able to secure some of those."

You're a good man

It seems like such a perfect match that it's a wonder no one thought of it before. But other companies now can only smack their collective foreheads and say, "Good grief!" or words to that effect. Charlie Brown's Peanuts are finally in the snacks section.

Georgia Food and Nut Processors Inc. (Blakely, Ga.) introduced the line of 16 nut products, packaged in glass and tin, last Summer, and all feature Charles Schulz's enduring and endearing loser, ol' C.B. himself. Con Gibbemeyer, Georgia Food president and former vice president-sales for Fisher Nut Co., explains.

"The snack nut category represents well over a billion dollars in retail sales annually. Yet only 56 percent of the nation's grocery shoppers buy snack nuts on a regular basis. Most of those who do, buy on impulse. The decision to buy is usually made in the store.

"Our aim is to expand the category to those segments that are not buying nuts regularly, and to introduce some real excitement at that critical point when the shopper passes the nut section."

Noting the comic strip's popularity among women 18 to 34, as well as other positive demographics, Gibbemeyer adds, "Concept tests indicate consumers have high confidence in the quality standards represented by the Schulz license, and most consumers indicated a willingness to try the product on the strength of the brand name alone."

Does this mean Charlie Brown will finally get the little red-haired girl?

Oh yes, another new snack product is on the market. Chips Au Chocolat were introduced at the International Fancy Food and Confection Show in Manhattan last July. These are—oh, what the heck, here's the release: "... consisting of the highest grade of rich, dark chocolate, cloaking a crisp, rippled potato chip, offers consumers a taste that promises to be as addicting and fulfilling as each of its high-quality ingredients."

The company's name is Yuppie Gourmet Inc. You have been warned.

—PETER LEVITEN

Gerber's market share dropped from 67 percent to a low of 53 percent during the glass tampering scare. Lately, it has begun to rebound.

BABY NEEDS

Continued from page 116

sales last year—by developing and marketing "a premium brand, one that costs more than other baby foods, by one or two cents a bottle, but that parents don't mind paying for because they like what they are getting. It was a dead market until Beech-Nut started its innovations," she says.

Beech-Nut's entry, the Stages line of products that are targeted to specific age groups by taste, flavor and texture, offers such premium brands as Chiquita bananas in the preparations. "It's a fallacy that babies don't have well-developed taste buds," Gumm says. "Just the opposite is true."

At Heinz USA, Beth Adams, a company spokesman, is complimentary in her comments about Beech-Nut; she says that both her company and Beech-Nut have been successful with their lines because they offer real alternatives to the traditional Gerber approach.

In the case of Heinz, it is two products in the strained baby food category: traditional and instant baby food. Increasingly, instant baby food is the focus of the company's attention. Originally made up of 23 items, it expanded by four last year and this year will grow by another 18.

Root causes

The tampering rumors that afflicted Gerber appeared to have had an impact on Heinz's sales. "It did if you judge by the number of calls we got to our 800 number, 1-800-USA-BABY, asking about instant baby food and where they could get it. Since then, our market share has increased, and Gerber's has decreased." Adams expressed the fervent hope that Gerber's tampering problems are over: "Let's hope so," she says, suggesting that the shift in market shares has several roots.

"Partially, it's the glass thing. At the end of March, during the height of the rumors, Gerber's market share was at an all-time low, and that has to be a result of the glass problem. But, while they have rebounded, our market shares have remained strong."

Formulas for success

Even before babies start eating solid food, they are targeted by manufacturers as potential consumers. Infant formulas were a $1.2 billion business last year, 85 percent of it, or $1 billion, spent in grocery stores. A wide variety of offerings are available to choose from, but the leader is Ross Laboratories, the Columbus, Ohio-based division of Abbott Laboratories.

Chuck Weber, a spokesman for Ross Laboratories, says that current health trends have aided the growth of the company's two main products: Similac and Isomil, which have experienced a compound growth rate for the past five years of 19 percent—higher, he says, than the industry average.

"Our growth has been evidenced by the fact that more and more mothers are nutrition-conscious. When these mothers breast-feed for the first six months, they are more likely to put their babies on formula than to go directly to cow's milk."

Deciding what to feed babies is a significant problem for new parents, more so, it seems, than deciding whether or not to use the old-fashioned diaper service: roughly 70 percent of all diaper changes are with disposable diapers.

The three-way race among Pampers, Huggies and Luvs—which is really a two-way race since Pampers and Luvs are owned by Procter & Gamble—is highlighted these days by claims of higher absorbency and less bulk. Pampers's entry is the Ultra Pamper which, according to the ads, "was proven to keep baby's skin drier and control pH better than any other diaper tested." (Procter & Gamble will not comment.)

Not to be left in the lurch, Huggies has added a new product to its line of disposable diapers, a product that almost perfectly reflects society's concern with good looks: designer diapers.

Ron Goudreau, a spokesman for Kimberly-Clark Corp., says that this new, thin diaper "is more elastic, contains concentrated absorbent materials that make it as absorbent as a regular diaper, even though it is only half as thick."

There is more, according to Goudreau. "One new development, while it is not national, is an extra-large size diaper. It's now in the Pacific Northwest, and is for babies in the 24-to-48 month range. A large number of babies in that range are not completely toilet trained, and the large diapers just don't fit them. The roll-out will be expanded as our production capacity allows."

In addition, Goudreau points out, Kimberly-Clark has the Kleenex line of disposables, available mostly in the South. "The Kleenex Super Dry diapers are constructed differently, and feature wetness indicators, letters on the diaper that actually disappear when the baby wets."

Expanding horizons

Some of the competition among the disposable diaper manufacturers may result from a general perception that consumers of nonfoods baby-related products are not brand-loyal. Indeed, it is difficult to even gauge who the market leaders are in the baby nonfoods business; categories overlap so much that even the participants are reluctant to claim the top spot.

Gerber, for instance, has more than 1,000 products in its nonfoods inventory, ranging from bottles to nipples, pacifiers to bibs and socks to underwear. Another example is The First Years, the Avon, Mass.-based manufacturer of a wide variety of baby products. Monica O'Leary, marketing team manager with the company, says that "everyone has different strengths, and we happen to be stronger in accessories."

Among the newer products offered by The First Years during the past year has been a silicon-based nipple in three styles: regular, orthodontic and for juice. Rather than stressing cleanliness, as other companies selling a silicon nipple are doing, The First Years concentrates on the product's durability, which is supposed to justify its cost (twice as much as a regular latex nipple).

"Again, it is a hard sell," O'Leary says. "Often you have a product that is just like everyone else's, and a spoon is just a spoon. The key is distribution, getting the product out there where you can see it. We're always striving to increase our distribution."

This is a call many supermarkets are listening to. With quick turns, the combined baby food and disposable diaper businesses account for almost 1.5 percent of the total business done in grocery stores, and that doesn't even include the nonfoods arena.

—KEVIN COUPE

Continued from page 59

percent), service meat and fish, pharmacy and floral departments are appearing in more and more supermarket floor plans. This trend will only increase as new larger stores continue to be developed, and older stores come up for remodeling. Specialty service departments are even finding their way into the warehouse stores with increasing numbers.

While they still dominate the retail food industry, chains lost a little of their market share to the independents in 1985. Independent grocery stores accounted for 39.5 percent of all grocery sales last year, this was up from the 38.8 percent share in 1984. Chains (11 or more stores) still account for 54.7 percent (down from 55.2 percent), with specialty stores holding the remaining 5.8 percent.

Department gains

Among the major departments in the store health and beauty aids (HBA) had the largest increases in sales volume in 1985. Sales of these items increased 6.4 percent. Sales in dry grocery-nonfoods rose 4.0 percent, and general merchandise sales increased 4.2 percent, giving the nonfoods section of the store an overall increase of 5.1 percent. This compares to an increase of 3.6 percent in the foods section of the store (3.7 percent in perishables, and 3.3 percent in dry grocery-foods). In terms of percentages, nonfoods grew more than foods in 1985. But in terms of the shares of the overall grocery store total sales, food still accounts for 76.67 percent, down slightly from the 77.5 percent in 1984.

Given that the food side of the store accounted for almost $204 billion last year, it will take a long time for nonfoods to take over a significant portion of the total store's sales, despite their higher yearly percentage gains. It is, therefore, fair to say that the grocery store is still primarily a food store.

The dominant perishables

Service departments dominated the growth within the perishables department. Both service deli and instore bakery had increases of more than 12 percent in 1985.

Of the non-service perishable departments, frozen foods scored the largest gains (up 5.5 percent). Sales increases here can be attributed to the number of new products developed, many of them geared towards the need for convenience. The number of frozen entrees has increased, driving the sales of frozen prepared foods up to 8.3 percent. The popularity of the microwave oven, and the proliferation of products geared to it has had a very positive effect on sales in the freezer case.

In the dry grocery-food department a number of factors can be seen at work. Breakfast foods scored the largest gains (up 10.7 percent). This category is perennially on the list of categories achieving the highest yearly sales increases among the food items. This is quite an achievement for a mature, established grocery category, where little growth or longer intervals between big growth years is the norm.

Breakfast foods owe their yearly growth to the cold cereal category (up 11.6 percent), which has a wonderful habit each year of coming out with a slew of new products that are usually supported by big promotion and advertising campaigns.

On the beer front

Beer, wine and liquor is another category where social factors are influencing sales. The category as a whole rose 1.0 percent over 1984 levels. The big story is that two of the category's components fell, while the introduction of a new product spurred sales enough to compensate for these declines. Beer for home consumption dropped 1.2 percent in 1985, and liquor sales through groceries fell 0.8 percent. Both these declines can be attributed to the influence of the movement against drunk driving, and the movement among many Americans for drinking lighter types of beverages.

These social movements have helped spawn the alcohol cooler craze. Sales of alcohol coolers rose 185 percent (yes, 185 percent) in 1985. Tied in with these factors also was an increase of 3.9 percent in wine sales.

There are currently an estimated 3,050 supermarket pharmacies, and sales of prescription drugs in these pharmacies rose 33.1 percent last year. These pharmacies have helped to increase sales of HBA products in the stores in which they are located. Again convenience is an important factor in the supermarket-pharmacy HBA connection.

The increases and decreases in several of the individual HBA categories and items can be traced to developments in other parts of the store, or social changes. For instance, a big loser was metered calorie meals (down 27.6 percent). This was one of 1984's biggest gainers, but in 1985 the rise of frozen diet entrees and disenchantment of many of the customers who initially flocked to the products in this category that were introduced in 1984, sent sales plummeting.

The converse is seen for the diet supplement category, which increased 10.7 percent on the strength of the sudden interest in the use of calcium supplements. This new craze has gone so far as to spawn new promotions and sales of existing products (both HBA and food) that have had some calcium as an incidental ingredient for years.

The nonfoods section, particularly HBA and general merchandise, has many times been credited with increasing sales at supermarkets. While this is certainly true to some extent, we have seen that nonfoods still is a long way from retrenching food's share of the pie. One point that is sometimes overlooked is the effect that grocery sales have on HBA and general merchandise (GM) sales.

The 1985 figures are a good case in point. Of the 11 HBA groups and sub-groups of categories that increased total domestic sales in 1985, seven saw more than 50 percent of that sales increase coming from grocery sales of those products. This is also true for GM, although to a much lesser extent due to the lower grocery penetration of many GM products. Growth, then, is not necessarily coming at the expense of other outlets, such as drug and discount stores, but is real category growth. It seems, then, that sales of HBA and GM products in supermarkets are highly beneficial to both the grocery industry, and to the manufacturers of those products.

Convenience, and in some cases price promotions, were important factors in the growth of general merchandise in grocery stores in 1985. Those GM categories that registered the largest sales increases tended to be

Continued on page 246

Many observers feel that the surface has just been scratched in what can be done to meet the nation's demands for high quality, convenient foods.

There is a glaring lack of consistency in translating shifting customer loyalties in terms of where they make their GM purchases.

GENERAL MERCHANDISE

Continued from page 164

new growth, they are much more promotion oriented."

Supermarkets are not the main competition to auto parts stores, Conner points out. Mass merchandisers are. And in comparing studies done in 1977-1978 and in 1984-1985 by MEMA, Conner says that auto parts stores are gradually gaining market share while mass merchandisers are losing it. While supermarkets were not included in the earlier study, and even now are lumped together with drug stores, Conner says indications are that they are maintaining an even market share of around 2 percent in the overall auto parts business (which includes such things as transmissions, brakes and tires).

Conner also says that his organization believes that supermarkets and mass merchandisers may suffer in the long run as automobiles get more complicated and less easily fixed by the amateur. "Even changing the oil will be more difficult, because there are going to be strict regulations about how you dispose of it. If you do it wrong, Uncle Sam is going to get you."

Picking up the gauntlet

But the Quaker State Oil Refining Corp. (Oil City, Pa.) is not so easily discouraged. J. Michael Crawford, manager of national accounts for the company, says that he is acutely aware of the trends suggested by CES, and that they have been the subject of recent high level meetings at Quaker State.

"I think the reason you see it happening is that grocery stores are buying deal brands and less popular brands because of their prices," Crawford says. "They may be inexpensive, but they don't have as much consumer appeal. If the oil business is falling, we think it is because of the proliferation of brands on the shelf. And, we think that we can walk away with the supermarket business if we want to.

"We've always stayed away from supermarkets, kind of by default. We've never had a structured promotion program for supermarkets. And we've always felt that supermarkets will never run with the horse, that they'd rather stay back with the pack. I think that is catching up with them in automotives."

Starting in the near future, Quaker State will be aggressively approaching retailers with a merchandising plan for automotives akin to that offered by brewers for the beer department: a computer-generated planogram—labeled a "Plan-Q-Gram"—that will lay out a retailer's entire automotive department. "This is a real opportunity for us," Crawford says, insisting that with a little direction from a company experienced in the field—as opposed to a disinterested wholesaler or jobber—supermarkets could significantly increase their automotive sales.

Crawford says, "If a company can come in and work with the big chains and the big independents, and help them really go to the market in automotives, I think they can make that nonfoods section really produce."

Homeward bound

In a different arena, the housewares segment, Anchor Hocking (Lancaster, Ohio) has been equally intent on expanding its presence on the supermarket scene, especially with a line of bulk dinnerware that is merchandised in individual pieces out of a wooden rack that is installed either in-aisle or as an endcap. Fate, however, has had different ideas, as the company has found it extremely difficult to keep up with its commitments to both supermarkets and mass merchandisers. To date, supermarkets have been considered second.

Howard Bobroff, vice president of marketing with Anchor Hocking, says that part of the company's production problems can be traced to orders that far outdistanced expectations, especially in the Freeze, Heat & Serve line of microwavable containers. And, in the case of the bulk dinnerware line, produc-

INCREASED SALES THROUGH GROCERY STORES* ACCOUNT FOR INCREASE IN TOTAL GM SALES

CATEGORY	1985 SALES (000)	1984 SALES (000)	1985–1984 SALES INCREASE (000)	GROCERY STORE SHARE OF INCREASE
Flashlights & Batteries				17.9%
Grocery Stores	$ 518,089	$ 465,738	$ 52,351	
All Outlets	$ 3,335,937	$3,043,732	$ 292,205	
Greeting Cards				18.7%
Grocery Stores	$ 401,782	$ 363,933	$ 37,849	
All Outlets	$ 3,523,678	$3,321,091	$ 202,587	
Housewares				9.1%
Grocery Stores	$ 889,820	$ 879,095	$ 10,725	
All Outlets	$ 4,373,352	$4,255,883	$ 117,469	
Periodicals				19.6%
Grocery Stores	$ 1,401,699	$1,319,320	$ 82,379	
All Outlets	$ 9,391,397	$8,971,680	$ 419,717	
Pet Accessories				80.4%
Grocery Stores	$ 414,922	$ 405,002	$ 9,920	
All Outlets	$ 1,530,497	$1,518,152	$ 12,345	
Photo Supplies & Processing				23.7%
Grocery Stores	$ 929,119	$ 862,149	$ 66,970	
All Outlets	$ 7,231,930	$6,948,881	$ 283,049	
Records & Tapes				10.8%
Grocery Stores	$ 267,718	$ 233,530	$ 34,188	
All Outlets	$ 3,817,965	$3,500,123	$ 317,842	
Toys				2.0%
Grocery Stores	$ 238,047	$ 211,974	$ 26,073	
All Outlets	$10,907,715	$9,601,862	$1,305,853	
Stationery				1.5%
Grocery Stores	$ 124,878	$ 124,547	$ 331	
All Outlets	$ 613,490	$ 591,990	$ 21,500	
Sunglasses				8.1%
Grocery Stores	$ 77,087	$ 68,400	$ 8,687	
All Outlets	$ 1,037,422	$ 929,590	$ 107,832	
Underwear & Hosiery				23.3%
Grocery Stores	$ 895,014	$ 871,140	$ 23,874	
All Outlets	$ 5,377,760	$5,275,246	$ 102,514	
Writing Implements				15.0%
Grocery Stores	$ 98,503	$ 94,854	$ 3,649	
All Outlets	$ 855,463	$ 831,140	$ 24,323	

*Excludes HBA and prescription items

"I see strong growth for us in the supermarket business," says one manufacturer. "But we're still learning."

tion slowdowns in Japan related to the declining worth of the dollar in foreign markets caused manufacture of the items to be cut by roughly a third.

"But we think our growth is still going to be exceptional," Bobroff says. "In bakeware, we think we'll be up 25 to 30 percent; in beverage glasses, we think we'll be at twice our estimates. And in the Freeze, Heat & Serve alone, we expect to have over $20 million in sales."

Much of this growth, he says, will come as a result of the microwave's continuing success; this year, Bobroff estimates, more than 50 percent of American households will have one. This kind of distribution will mean that more and more families will need proper utensils and cookware, and supermarkets are a logical place to get them.

Retailers seem to agree. "These days, you can get a microwave for under a hundred dollars," says one. "A lot more people are buying them, and they're going to have to buy related products."

"Especially with the price points we're talking about, this is a great program for supermarkets to be involved in," Bobroff says. "No one is giving it away and no one is getting destroyed on margins."

But Bobroff expresses a great deal of sympathy for the supermarket retailer who is not sure about getting into the housewares business. It is not that long ago that Anchor Hocking was a manufacturing-driven company, and it has been turned into a marketing-driven company that is working constantly on improving relationships with the trade and articulating its message to consumers. Making that kind of shift of emphasis is no easier for supermarkets than it was for Anchor Hocking, he says.

"A lot of supermarkets are less involved with general merchandise than they need to be," he says. "I see strong growth for us in the supermarket business, but we're still learning. 1987 will be a big year for us in supermarkets, but it will take a little time for them to understand us and for us to understand them."

But the end results, he adds, should be worth the effort. —KEVIN COUPE

GM'S 11 FASTEST GAINERS*

1985 Rank	Category	1985 Grocery Store Sales (000)	% Increase From 1984
1	Blank Video Cassettes	$ 45,810	52.7%
2	Still Cameras	54,268	28.7
3	Comic Books	30,140	25.2
4	Blank Audio Cassettes	13,398	21.8
5	Road Salt & Ice Pellets	25,618	18.6
6	Coloring Books	24,112	13.7
7	Electrical Appliances	135,960	13.7
8	Sunglasses	57,087	12.7
9	Hardware	206,951	12.3
10	Film Processing	254,517	12.3
11	Toys	238,047	12.3

*Excludes HBA/Rx

GM'S TOP 10 IN 1985*

1985 Rank	Category	1985 Grocery Store Sales (000)	% Increase From 1984
1	Panty Hose	$738,778	2.8%
2	Film	582,104	5.8
3	Batteries	484,236	11.3
4	Greeting Cards	401,782	10.4
5	Plastic & Rubberware	320,089	7.3
6	Photographic Processing	254,517	12.3
7	Toys	238,047	12.3
8	Other Pet Accessories	216,436	3.2
9	Records & Prerecorded Tapes	208,510	8.3
10	Hardware	206,951	12.3

*Excludes HBA/Rx

BAKED GOODS

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still well ahead of the growth of white bread sales, which had a sales increase of only 1.7 percent in 1985. Much of the competition in the entire packaged bread category comes from both private label packaged and fresh instore breads. More instore bakeries are offering specials on breads, and have upgraded their mix of breads to include more variety kinds. Manufacturers, for their part, are coming up with new kinds of breads that stress high-fiber or other nutritive aspects of the loaves. Some are even considering adding calcium to their breads. Purity Baking Co. (Decatur, Ill.) already has an enriched calcium bread, "Kid's Choice."

In an effort to appeal to smaller households, some manufacturers are also testing half-loaves or smaller loaves of bread. Metz Baking Co. (Sioux City, Iowa) has had modest success with a reduced-size rye loaf. Heileman Baking Co. Inc. (La Crosse, Wis.) has had success with its "Smart Paks," 12-ounce loaves that were introduced last year in selected midwestern markets. Purity Baking Co. has had limited success with a Sunbeam Small Family loaf, and discontinued the line. Charles Freihoffer Baking Co. (North Troy, N.Y.) has had 12-ounce white and wheat loaves for over two years, and has had some success with it. Rather than opt for a smaller loaf, it seems that shoppers are steering to rolls and buns.

Crackers, cookies and biscuits continue to show sales growth at supermarkets, but the 3.8 percent sales gain for 1985 is modest. Increasingly, again, manufacturers must face the stiff competition from instore bakeries and the growing number of specialty gourmet cookie shops, such as David's Cookies and Mrs. Field's. The introduction of chewy, homestyle cookies a few years ago did not revitalize the packaged cookie market, as some had hoped, although sales are fair.

Soft soft-cookie sales

Procter & Gamble (Cincinnati) admits that the market for soft cookies is not as large as originally projected, but still banks on its Duncan Hines line. Frito-Lay Inc. (Dallas) is introducing a new marketing strategy for Grandma's soft cookies, emphasizing mid-size or single-serving packages.

Sunshine Bicuits, Inc. (New York) is the last major cookie manufacturer to introduce a chewy entry (Chippy Chews). A spokesman at the company thinks that one reason for the less-than spectacular sales of the soft product is that too much was promised the consumer by way of homemade taste. He feels if the taste itself was stressed—without being compared to homemade—the cookies might have done better.

The Keebler Co. (Elmhurst, Ill.) reacted to the disappointing performance of the soft cookie market by offering larger, 18-ounce family-sized packages for two of its Soft Batch varieties, oatmeal raisin and chocolate chip.

The Biscuit Division of Nabisco Brands Inc. (East Hanover, N.J.) dropped some varieties of its Almost Home line of soft cookies and added two. New flavors were peanut butter chocolate chip, and fudge and peanut butter chocolate chip.

The Tasty Baking Co. (Philadelphia) introduced a line of soft cookies, Oven Fresh Cookies, in May.

Crackers do well

Manufacturers have had a successful year with crackers, and many products were reformulated.

Packaged sweet goods grew at a modest 2.4 percent in sales last year, with the strongest segment being doughnuts, growing at 3.1 percent. Several companies are adjusting product lines to include smaller portions and introducing varieties that are less sweet, so that people will eat them at other times than breakfast.

Among the hottest items are doughnuts, Danish and muffins. But manufacturers are increasingly threatened by the freezer case, which is an area where more and more products are being bought from. Kitchens of Sara Lee (Deerfield, Ill.) is banking on this. "More families have the equipment, the freezer facilities for our frozen products," says a spokesman. "A product like a croissant is most palatable right after it's been baked. They deteriorate very quickly. With frozen products, consumers have them on hand to heat and eat them without making a special trip to the bakery." For Sara Lee, the most important introduction of the past year has been its successful line of frozen bagels.

—BOB HUGHES

PHOTO SUPPLIES

Continued from page 192

inexpensive, full-featured, smaller, sophisticated cameras."

Photo supplies have grown steadily at the supermarket, according to figures from SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES). Sales of film grew by 5.8 percent in supermarkets last year, compared to 3.7 for the market as a whole, while sales of still cameras grew by 28.7 percent at supermarkets. That compares to a negative sales pattern of -1.9 for all other outlets.

Inexpensive cameras

Much of that growth in still cameras comes from the inexpensive, blister-pack cameras that many stores are now selling. Bob Saunders, a Kodak marketing specialist in food trade relations, says, "Cameras are sold in several configurations; they seem to do best sold in blister-packs, which do not require a service center." Film and camera sales are up roughly 30 percent this year at grocery stores, according to Kodak.

Sales are even better at Polaroid Corp. (Cambridge, Mass.). "In the first seven months of 1986, we had increased sales at supermarkets of 38 percent," says Peter J. Malaspina, marketing manager of food and drug for the company. "Through 1985, we showed an 8 to 9 percent increase for all products. It was quite a successful year. But this year we put an increased internal sales force on for supermarkets. We strengthened and added depth to that department."

Polaroid had a lot of success in food stores with a "spring value kit" that offered a camera and two packs of film, selling anywhere between $20 and $30, depending on the retail outlet.

The company has also had a degree of success with its $139 Spectra camera at supermarkets, which offers a higher-quality photo, more like a 35-millimeter print. "One customer at a Skaggs Alpha-Beta in El Paso waited six weeks to get his. The six cameras the store ordered were sold in six weeks."

Malaspina says that Polaroid does not feel threatened by the growth in the 35-millimeter camera market, despite its introduction of Spectra. "There's room for both," he says. "You have to make consumers aware of what the products can do. In the past, we had concentrated too much on price, and not enough on what the camera can do."

Kis photo is developing an inexpensive 35-millimeter camera, as well as a disk and 110-style model. They should be available by the end of the year. Kis has also entered the lucrative film arena, competing in a smaller way with the giants Kodak and Fuji. It offers packages geared to smaller retail operations.

In addition to cameras and equipment, many manufacturers are offering to supermarkets lines of photo accessories, such as albums or frames. It's important for stores to realize that the customer wants these things, not just the processing.

But it's film and quality processing that increasingly are drawing shoppers to supermarkets. There are three stages of drawing shoppers back into a store, says Kodak's John Shimshack. "First, you sell the film to the individual. Then, once they've taken the photos, they come back to your store to drop the film off. Then, finally, they come back to pick up the prints." One may add a fourth stage, coming back for more—enlargements or reproductions.

But the story is the same: high-quality photofinishing can generate more store traffic, not only in nonfoods, but other areas as well. Every time a shopper comes into a store to buy film, have it developed or pick up the developed prints, he is likely to pick up an additional purchase. So high-quality photofinishing is becoming, at many supermarkets, the kind of service center that provides a good store image and a strong customer draw.

—BOB HUGHES

REFRIGERATED FOODS

Continued from page 214

manager, chilled products. The company entered the market in 1982, and has three products: Pink Premium (100 percent Indian River pink grapefruit), Cran-Tastic (a blend of five juices) and Cran-Orange (a mixture of cranberry and orange juices).

"Naturally, we've encountered some of the usual learning curves and difficulties of marketing something that is completely new to us. But we've become a meaningful entity in the chilled section, and established a beachhead."

Learning anew

Ocean Spray's chilled line has distribution in about 70 percent of the country, a figure that Kirtland doesn't expect to increase dramatically.

"The major metropolitan areas tend to be the highest consumption areas, while the less developed, more rural areas generally have weaker distribution systems and lower consumption rates."

Kirtland adds that most of his company's chilled sales are incremental because there is no duplication of products. Ocean Spray does not intend to introduce any of its shelf cranberry products to the refrigerated section.

"Because that shelf space is so valuable, there should be some point of difference in the chilled area. But speaking generally, we've benefited from the strength of the overall Ocean Spray franchise and what it stands for. Our corporate growth has helped us get initial distribution."

In promoting Ocean Spray's Products to refrigerated foods buyers, Kirtland says he stresses their sales movement in other markets and the profit potential (25 to 30 percent for cranberry-based products).

"You can't look just at case movement, though," he says. "Nielsen has reported that for most of the year, store brands of punches, ades and drinks hold more facings than their movement deserves. What we emphasize to retailers is that a branded, quality product line from Ocean Spray deserves representation in that part of the store.

"It's been new ground for us to plow, and it's been both exciting and frustrating. But Ocean Spray has always stood for quality, and this is just a way for us to extend our products to other parts of the store."

It is a measure of intelligent risk-taking that a multi-billion dollar company should attempt to enter (and establish) an entirely new line of business after more than 115 years, and that is just what Campbell Soup Co. has done with its Fresh Chef products for refrigerated cases. The salads, soups and pasta sauces began test marketing in the Fall of 1984, and are now in 83 percent of the country. The offerings are the first total prepared foods package for the department.

"We did some research three years ago that indicated there was a gap between consumer desires and what was currently available in terms of quality and freshness," says Marty Buchalski, general manager of refrigerated foods business at Campbell.

The line has nine salads, including Seafood Pasta, Italian Pasta, Ham and Cheddar Cheese and Tropical Fruit Salad , six pasta sauces, such as Bolognese, White Clam and Alfredo, and six soups, from New England Clam Chowder to Creamy Broccoli.

As for sales projections, Buchalski says: "I'm hoping that in five years' time we'll do $200 million, and I think we can do better than that. But we're selling 21 items right now, and it's hard to get full distribution with that many products."

The factors of time and taste are also emphasized by Pillsbury's line of dough products. "Our intent in bringing new products into the category is high quality combined with convenience," says a Pillsbury spokesman. "In refrigerated dough, those have to go hand in hand."

Pillsbury introduced two products last year—Crusty French Loaf Bread and a premium quality cookie line that replaced the original—which have both achieved the desired sales levels, according to the company spokesman. She reports a resurgence in biscuit volume, partially due to the popularity of breakfast biscuits served at fast-food chains.

Pillsbury has had some success in cross-merchandising, placing biscuits in the poultry section, crescent rolls with hot dogs for pigs-in-a-blanket, and cinnamon rolls have been sold with eggs for a breakfast team. The company has worked with its broker, Kraft, on DPP, and some information is now available to its retail accounts.

"Future growth has to come with providing consumers very high quality and convenience," the spokesman says. "It's a niche we have filled, and we expect to continue to do that."

—PETER LEVITEN

VITAMINS

Continued from page 213

baking goods sections, condiments, dried peas, bulk food items, all-natural juices, no-salt wafers and pasta, among dozens of other natural items.

Nosler launched his Captain Carrot supermarket label five years ago, and it now covers yogurt, cheese, bread, muffins and olive oil and 35 vitamins manufactured by Amcon laboratories (Buena Park, Calif.). And the Gospel According to Captain Carrot, if there is such a thing, is that vitamins should be sought for "extra" vitality after every attempt has been made to get a complete source of vitamins from the food you eat.

"It's possible and it's preferable to get all your vitamins from food," he says, a rare admission from a vitamin-goods marketer. He adds, however, that a growing number of people aren't just viewing vitamins as a way to compensate for poor eating habits, but to complement sensible eating patterns.

Healthy profits

Whether or not Raley's customers are heightening their living experiences with Captain Carrot products, it seems clear that the 50 stores with natural food centers are heightening their average margins at every all-natural "supermarket within a supermarket."

"The public is more aware of the importance of eating good food. And sales show that—they're up," Raley's Joe Sisneros says. Part of the credit goes to nice margins. "I'd say we average about 45 to 55 percent for vitamins and 60 to 70 percent for natural foods."

But while natural foods edge out vitamins in sales and margins, both are boosted by the giant promotions Raley's runs twice a year. "We have a very aggressive program," Sisneros says. "In addition to the quarter-page ads in our weekly newspaper inserts, we run full-page ads every six weeks, and for the two major health food sales, we run an eight-page tabloid."

The calcium rush

Last year's gold mine in the vitamin and mineral category was, undoubtedly, the calcium supplement.

According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), vitamins and tonics (the latter is of marginal importance) enjoyed 10.2 percent growth. This figure, which gives a rosier-than-true picture of the performance of the category as a whole, understates the performance of calcium supplements, especially the chewy variety.

"The category's exploding," says Don Benes, senior product manager of Suplical, made by Warner-Lambert (Morris Plains, N.J.). "Suplical was introduced in June 1985 and now ranks among the top four of all calcium products," Benes says.

But while Warner-Lambert's Suplical was the first chewable on the market, it wasn't the only one for long. Os-Cal, by Marion Laboratories (Kansas City), the company that created and still leads the market for calcium supplements, has supplemented its hard calcium tablets with chewables, and is giving vigor to both with a $10 million campaign ending this month.

And the chewable section is also being nibbled into by the 3M Company (St. Paul, Minn.), which introduced its Cal Sup product last spring. The chewable, mint-flavored supplement features low-calorie nutrition as a selling point, and the product has line extension tablets fortified with vitamin D and both vitamin D and C.

The 3M Company most recently launched a granulated product packaged in individual packets, called Instant 1000. Also featuring NutraSweet, the product is billed as low in sodium, highly convenient, and very easy to swallow—you just mix it into a drink and slurp away.

Schiff Bio-Food Products (Moonachie, N.J.) is also pushing the no-tooth-decay angle with its Super Calcium 1200, a product with no preservatives, salt, sugar or phosphorous.

Other top contenders include more established brands. There's Caltrate by Lederle Laboratories, a division of American Cyanamid Company (Wayne, N.J.), that has been around since January 1984, and currently hovers in the second-place spot behind Os-Cal.

Ayerst Laboratories, a division of American Home Products Corp. (New York) introduced Posture in March 1985, and with its emphasis on the ravages osteoporosis wages on the spine, it's still in third place, edging out Warner-Lambert's fourth-place Suplical.

Nonbranded products closely resembling vitamin products aren't affecting only sales of branded calcium products, they're knocking sales off from most other branded vitamin products and, for that matter, sales of products throughout the health and beauty aids (HBA) jungle.

A May 1986 report from Time Inc.'s Selling-Areas Marketing, Inc. (SAMI) showed a slide in the nonbranded share of the average American's grocery dollar—the amount spent on private label and generic products—from 16.8 percent in 1982 to 13.9 percent in 1985.

But HBA products led the list of product categories showing price brand growth patterns, followed by commodity powdered milk, granulated sugar, dog and cat food, coffee filters, paper and plastic plates, natural cheese and certain frozen juices and vegetables. And the report showed an upturn in the percentage of total sales volume going to nonbranded synthetic vitamins, rising from 27.4 percent in 1984 to 30.2 percent in 1985.

Fiber bulks it up

Fiber products like Schering Corp.'s (Kenilworth, N.J.) Fibre Trim are, technically speaking, dietary products (see Diet Foods, p.153). But like other appetite suppressants, they are often positioned with calcium supplements and other items in the vitamin category.

Fiske Industries (New York) came out with Fiber's A-Weigh, with packaging that included pictures of grain, citrus and other fiber sources. At about the same time, Thompson Medical Company (New York), Vita Fresh Vitamin Co. (Garden Grove, Calif.) and Great Life Laboratories (Westfield, N.J.) all came out with products that came very close to duplicating the packaging and trademark of Fibre Trim.

Prime Natural Health Laboratories recently added its Go-Slim product, made from grain and citrus fibers and enriched with vitamins and calcium, to its existing calcium supplements. Jameson Nutritional is running with Full of Fiber, a competing diet aid. And others seem to be popping into existence regularly.

If the mass marketing of new health-related concepts like fiber and calcium supplements seem to be doing especially well, the old strategy of aiming for a new wrinkle on a tried-and-true formula seems to be working, if not with spectacular results, at least with enough interest to sustain the brand.

Another new wrinkle for women's vitamins is the new formulations from Nature Made and the Wm. T. Thompson Company with vitamins to counter the effects of premenstrual syndrome. Called PMS Nutritional Complex and A Woman's Natural PMS Basic, respectively, these products address a far more specific need than many vitamin companies would have dared in the past.

Also aiming with precision is Vita-Fresh's Substance II line. Vita-Fresh might have been forced to say "uncle" to Schering Corp. and change the packaging on its diet fiber product, but it's winning regular users of its individually packed vitamins by saying "Athlete" and "Executive."

The company's product lineup, including Man's Choice, Woman's Choice, Executive's Choice, Stress Formula, Personal Daily and Athlete's Choice all feature combinations of "Pak-ets" of healthy-looking liquid and solid capsules and pills.

Eating oil

A much more difficult selling task, it would seem, would be to get people to start taking fish oil again. Cod liver oil, that cure-all of yesteryear, will be returning, in a way, when Parke Davis (Morris Plains, N.J.), a division of Warner-Lambert, will launch Promega, the first major fish-oil product to be introduced in some time.

For the new product launch, Parke-Davis will dispense with the old cod liver oil spoon, and the grimaces it used to induce upon millions of schoolchildren. Those kids, now adults, could find themselves attracted, first of all, to the one-piece, sealed, soft gelatin capsules enclosing the nasty-tasting stuff, and to the long-term benefits of ingesting both kinds of fatty acids found in the oil.

Perhaps most promising, however, is that instead of offering the pills as miracle capsules, Warner-Lambert will be pushing toward a startling new concept—where food reigns supreme as the dominant source of a person's nutrition, and the pills serve as a supplement.

—FRANK HAMMEL

SOFT DRINKS

Continued from page 201

hold on the nation's soft drink business, increasing it to more than 80 percent.

Six months later, the plans were all but scuttled by the Federal Trade Commission (FTC) decision to oppose both mergers in court because they would substantially reduce competition in the U.S. market. Cadbury-Schweppes Co. spent $230 million to purchase Canada Dry and Sunkist from RJR-Nabisco, giving it an estimated 3.6 percent of the market.

The big leagues

Royal Crown Cola Co. (Rolling Meadows, Ill.) took a different tack. Royal Crown began expanding marketing and promotion activities for its products, positioning them as viable and tasty alternatives to Coke and Pepsi products.

While all this movement was going on at a very public level, the battle was also taking place at the distribution end of the business. In separate acquisitions, Coke and Pepsi began buying up some of the independent bottling franchises that had been distributing their respective products for decades.

The stakes in all these maneuvers are high: according to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), 2.3 percent more soft drinks were peddled overall by stores in the United States in 1985 than the year before, and 3.6 percent more were sold in supermarkets, which accounted for about 58 percent of soft drink sales, up one percentage point from 1984's 57 percent.

Bottled soft drinks continued to be the dominant force in the industry, outselling cans by a rate of about 9 to 1; cans, however, showed a much faster rate of growth, up 6.7 percent overall and 7.3 percent in supermarkets from 1984, while bottled soft drinks were up only 1.6 percent overall and 1.7 percent in supermarkets.

Narrowing niches

But at the same time that Pepsi and Coke were looking to expand on their already daunting hold over the soft drink marketplace, smaller companies were seeking new ways to develop their businesses without directly competing with the Goliaths.

And so, the past year saw the creation of Jolt, a new soft drink that bragged about having real sugar (not corn sweetener) and twice the caffeine of either Coke or Pepsi. It also saw the continuing success of Canfield's Diet Chocolate Fudge Soda, which sold in excess of 210 million cans during 1985—more than a small improvement over the yearly average of 1.5 million it sold in years past.

Niches are to be had, though they are in shorter supply than ever as the competition for ever-tightening supermarket shelf space grows more intense. And to many, the odds against success can be measured in the food store market shares enjoyed by Coke (32.8 percent) and Pepsi (31.4 percent).

Seven-Up has less than 6 percent of the market for all its offerings, while Royal Crown Cola Co. has about 3.8 percent and Dr. Pepper Co. has a 3.5 percent market share.

In separate interviews with SUPERMARKET BUSINESS, officials of the Coca-Cola Co. and PepsiCo agreed to discuss the changing soft drink industry. This is a time, they both agreed, when marketing approaches to soft drinks are changing, a time in which new products are storming onto the market and in which retailers, bottlers and consumers are struggling to sort out what it all means. And that was about all they agreed on.

"One of the beauties of this industry is that there are upstarts all over the place doing wonderful, interesting things," says John Reid, senior vice president of marketing with Coca-Cola USA. "A lot of the little brands right now that are doing some exciting things in the soft drink category are not affiliated with major companies, and I think there will always be room for those kinds of companies."

Dan Clark, Pepsi's vice president of new product development, agrees—but only to a point. "That's a neat part of this industry: people can get in and make money without the Pepsi and Coke bottling systems and that sort of thing. You don't really have to have that enormous critical mass to succeed in this industry. But those people also have to be very cognizant of whether their little niches are fads or whether they have enduring points of difference."

If these small ideas are of an enduring nature, Coke's Reid says, they are going to be of great interest to his company. "If any of these niches develop to a point where they teach us something about our consumers, we're going to be in there competing for that business."

"Take a brand like Tab, for example." Reid says that a new formulation of Tab, with calcium added, has received strong positive results in test marketing. "It's very exciting to see a brand such as Tab positioned and targeted directly toward the women's segment of the market that cares about such a thing; calcium deficiency is one of the top three health concerns in the country."

Flagship brand

And, contradicting the position that his company took upon introducing New Coke, Reid says, "Coke Classic is the flagship. There's no question that our basic job is to grow all of our brands as fast as we know how. Our job is primarily to satisfy people, and secondarily to worry about which of our brands is doing the best."

Extending a trademark for Coca-Cola doesn't always mean using the Coke name in new ways. It can also mean new uses for an existing trademark, such as Minute Maid. Minute Maid soft drinks with citrus juice added currently are being rolled out across the country, a rollout that Reid pronounces himself highly satisfied with. But Clark suggests that the jury is still out.

Adding juice to soft drinks has raised another issue for the two major manufacturers: two-tier pricing. Soft drinks containing juice, or even, for that matter, NutraSweet, cost more to produce than regular soda, but are priced the same.

"We ultimately believe that it is going to come down to the consumer, and that two-tier pricing is probably not viable to the consumer, probably not for the trade, Clark says. The reason is very simple: consumers don't necessarily get more benefit out of a diet soft drink than they do out of a regular soft drink, and while the 10 percent juice is added value, its value and volume potential are maximized when you don't have to pay a premium price for it."

Coke's Reid is not so sure. "I think two-tier pricing is well worth studying because everybody's always looking for the proper way to price products responsibly. We're certainly among them. What you find is that there's a trade-off between pricing products according to their exact cost and keeping a simple distribution and marketing system."

If there is a challenger to the dominance of Coke and Pepsi—and it is a small voice in a very large universe—it is that of Royal Crown Cola Co., which has chosen the past year to begin what is perhaps its most aggressive gambit in trying to enlarge its market share.

Both Reid and Clark acknowledge that the timing is intriguing; Clark says that Royal Crown had no choice. "You don't walk into a war with a peashooter," he says. "You've got to try to fight, to figure out creative ways to fight."

According to Ronald E. Corin, vice president of marketing for Royal Crown, that means getting seven dollars worth of mileage out of every one dollar spent. "We've just got to be better," he says.

Looking elsewhere

Some companies don't get intricate, they just get out of the soft drink business, or develop new businesses that take them away from the main arena. Such is the case with White Rock Products Corp. (Whitestone, N.Y.), which is bringing out juices in aseptic packaging, bottled spring water with 20 percent juice, nonalcoholic sangria and beer—anything but the soft drinks and mixers the company was built on.

"Small regionals are getting hurt, so they have to diversify out of the mainstream soft drink business," says Mark Cooper, vice president and director of marketing with White Rock.

Then again, some people just like the soft drink business. Take the Chicago-based Canfield Beverage Co., makers of the highly popular Diet Chocolate Fudge Soda. Don McCormack, marketing manager for the company, says that the entry has proved surprisingly mainstream.

—KEVIN COUPE

CONDIMENTS

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or a potato chip," says David Daniels, marketing director of the California Olive Industry, a board representing seven canners of ripe olives in the state.

The need for a happy medium between convenience and versatility in seasoned spreads and dressings extends to specialty tomato sauces as well. Campbell's Kathleen MacDonnell says shipments for Prego's Al Fresco have been "excellent" so far—which might have seemed surprising to industry observers a few years back, when Campbell's Prego and Chesebrough-Pond's (Greenwich, Conn.) Ragu were trying to outdo each other with "thicker" and "zestier" sauces.

California's canned ripe olive industry benefits much more from the grocery industry's perceived nemesis—the restaurant industry. The "low-salt" label can't compete with actual sampling for promoting the ripe olive's taste appeal as a garnish.

"The most effective promotions are the ones that suggest different ways of using the olives," Daniels continues.

Thanks to the olive committee's advertising efforts (with a little bit of help from the surge in interest in Italian and Mexican foods), grocery store sales of canned ripe olives increased 7.9 percent during 1985, generating $10.6 million in new sales, according to SUPERMARKET BUSINESS's CES figures.

According to SUPERMARKET BUSINESS's CES, frozen waffles posted a 9.7 percent gain in sales, while frozen French toast and pancakes flipped skyward with a 25.7 percent increase. And with these traditional syrup-beckoning foods so readily available, the increase in syrup consumption was all but inevitable.

Outdoor sizzle

The increasing popularity of waffles did nothing for barbecue sauce. But the decline in red meat consumption did. With chicken emerging as an ever-popular barbecue alternative to burgers and hot dogs, barbecue sauce sales during the summer of '85 sizzled, with a 10.1 increase in dollar volume.

With its 10.1 increase in dollar volume, barbecue sauce expanded at a slightly faster rate than the major poultry it coats. Part of the added edge probably came from the growing numbers of people cooking in the great outdoors.

Along with General Foods's introduction of its Open Pit Thick and Tangy Barbecue Sauce earlier this year, Heinz's Thick & Rich line is competing with Kraft's (Glenview, Ill.) 1985 introduction of Bull's Eye Barbecue Sauce and a beefed-up, thick and spicy formulation of Kraft's regular line

S&W Fine Foods is also fanning the coals of the competition in outdoor barbecue products with the introduction of its gourmet line of sauces, including Hickory, London Broil, Mesquite, Picante and Teriyaki. But the San Mateo, Calif.-based company hopes to distance itself from its competitors by promoting the product as an ideal coating for red meats, fish, shrimp, and even vegetables like corn-on-the-cob.

SUPERMARKET BUSINESS's CES shows a 10.7 percent decline in supermarket honey sales, a loss of $15.7 million for growers, manufacturers, distributors and retailers.

The industry pipeline for most vegetable oils is suffering from a supply glut. Indonesia and Malaysia are pouring palm oil onto the global market, depressing U.S. prices for soybean-based oils by as much 50 percent and more. These conditions will make it slippery going for domestic producers to regain their footing from last year's declines—the cooking and salad oil category in supermarkets slipped 2.6 percent in dollar volume during 1985, according to SUPERMARKET BUSINESS's CES.

Consumption of peanut products is increasing. They're up to 11 pounds per person now, and consumption of peanut butter is near four pounds per person. Total peanut butter sales through supermarkets, according to SUPERMARKET BUSINESS's 1986 CES, was $865.8 million, a $37.3 million increase over 1984.

—FRANK HAMMEL

CANNED GOODS

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technology of tomorrow and is running into the same obstacle—the prices of today. "Our president, Gordon McGovern, has been very tenacious in pursuing new packaging concepts," Donald Goerke says.

He adds that plastic cans and aseptic packaging are being tested for soup, but that the processing time is slower. And for a company that cranks out close to 900,000 cans of its Chicken Noodle flavor soup a day, time is money.

Goerke says the company is also test-marketing its Soup du Jour line of creamy frozen soups in the Northwest. "It's microwavable soup that comes in a polyethelene bowl. It's convenient—you just take the snap-off lid off and pop it in the microwave."

The popularity of microwave cooking has reawakened interest in the high-quality, high-convenience, high-price frozen soup area, and Campbell is also investigating aseptic packaging in combi-bloc, tetra-brik and yogurt-like containers for its Creamy Natural line of upscale soups, still in test market.

Campbell's most aggressive alternative right now is in the refrigerated area, with its glass-packed line of Fresh Chef salads, soups and sauces. But Goerke says the Fresh Chef entry won't be perceived as a substitute for red and white. "It's a whole different world," Goerke says. "New distribution systems, a shorter shelf life, glass containers. It's catering to different tastes, a different lifestyle—the people who are into anything that's fresh."

Fresh vs. canned

The growing interest in fresh fruits, vegetables and juices is evident in growth rates that outpace similar products in cans. According to SUPERMARKET BUSINESS's 1986 CES figures, the fresh fruit area boosted supermarket sales volume by $544 million in 1985, an increase of 5.8 percent.Canned fruits, by contrast, waged modest gains—$33 million, a 2.2 percent increase. The $400 million, 2.9 percent gain in fresh vegetables also outmuscled the $29 million, 0.9 percent growth in the canned variety. And with a $169 million, 10.5 percent increase in sales, dollar gains for refrigerated fruit juices and drinks squeezed by the $141 million, 4.5 percent in similar canned and bottled fruit and juice beverages.

While any increase in sales might be considered encouraging to the nation's big fruit processors, consumption patterns have not held pace with the rise in dollar volume. "There has been a decline in per capita consumption," says Dick Lynch, vice president of marketing for Del Monte's canned fruits and vegetables. "Part and parcel to that, there has been a swing in containers from the standard 29-ounce can to 16-ounce cans. We're selling just about the same number of units, but the tonnage has declined."

Lynch says Del Monte has changed its labels to deliver more consumer impact and has looked into plastic cans and aseptic packaging, but adds that the can is a tough form of packaging to beat, as far as processed fruit is concerned.

One of the can's biggest disadvantages, as far as green vegetables are concerned, is color loss. "In the normal retortation process, the heat and natural acidity destroy the chlorophyll," says Jack Miller, product manager for Continental Can Co.'s (Norwalk, Conn.) patented veri-green process.

But the process isn't taking the country by storm. Peas are no longer commercially processed the veri-green way, because of the formation of crystalline struvite. "It's not harmful—it occurs naturally in seafood," Miller says. "But we stopped commercial production, for the sake of quality standards."

American Can Co. (Greenwich, Conn.) is hoping to improve the quality of canned vegetables from the opposite end of the pH spectrum with a new process called Salad Bar Fresh.

"It's a system for lowering the pH in foods (making it more acidic) so that canners can use a significantly shorter thermal processing time," says Ralph Kaercher, managing director for Salad Bar Fresh. "The trick is to do it without leaving an acidic taste—you don't want it to taste like it's been pickled."

The most intriguing aspect of Salad Bar Fresh might be the broader range of products that can be packed at lower retort temperatures. "There's lots of potential for canned pasta and rice products," Kaercher says.

—FRANK HAMMEL

The U.S. economy grew, but slower than last year. The same was true with the grocery industry.

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the GM categories that were newest to the supermarket scene, or were given more emphasis, and received more promotion.

Three major social factors

Throughout this review those societal factors influencing results at the checkouts have been highlighted. Perhaps the three most influential factors, other than price, effecting trends in products and merchandising are variety, nutrition and convenience.

Variety has become a sacred concept to many retailers. Give the consumer more to choose from, and he'll choose your store to shop in. This view may or may not be true, depending on your point of view, and the extreme to which the concept has been taken. Today's super stores and super-super stores have taken variety to the limit. All that space has to be filled with some sort of merchandise or service.

This has opened up more opportunities for more products to be offered in supermarkets. The new products, flavors, and sizes within existing departments, and the new departments, especially within GM, have resulted in a greater variety for the consumer to choose from. 1985 saw an increase in the number of new products introduced, with over 2,200 new products introduced in the foods, household supplies and HBA departments. This does not include the new products and products taken into the stores for the first time in the GM departments.

So the consumer has more to choose from, the retailer has more to sell, the suppliers have more opportunity to branch out into new product areas, and the builders get to build bigger stores, and everyone's happy. Right? Whether they are or not is immaterial. What matters is that the quest for variety has continued to have an enormous effect on the way we did business during the last year.

Nutrition a factor

Nutrition has been an important factor in the retail food business for some years now. Consumer reaction to the movement to more nutrition in their diet has ranged from passive indifference to religious zeal. One thing that's certain is the enormous effect that the nutritional movement has had on many food categories.

The move to more nutritious food seems to have replaced the natural food movement of the latter part of the last decade. America is eating lighter, eating foods containing less sugar, more nutrients, less preservatives and foods closer to their fresh native state. The effects of the nutrition movement can be clearly seen in the meat department. Sales of chicken and other fresh poultry continue to rise (up 9.7 percent), while those of beef (-0.8 percent) and pork (-1.2 percent) continue to decline. Sales of fresh fish and seafood have also benefited (up 10.8 percent), while packaged meats such as bacon (-1.2 percent) and cured ham (-3.0 percent) have declined.

Produce benefits

The produce department has also benefited from this trend with fresh vegetables up 2.9 percent, and fresh fruit up 5.8 percent. As mentioned, the move toward eating and drinking lighter has hurt the sales of beer and liquor, and helped wine, and it has also helped to develop new products such as light beer and alcohol coolers. Light table syrups, the growth of popcorn (both popped, up 10.3 percent, and unpopped, up 17.2 percent) as a snack, the increase in sales of dietetic soft drinks (up 12.5 percent for canned) and bottled water (up 20.3 percent) can all be directly attributed to the nutritional movement.

Convenience is the third major influence in our marketplace. The microwave link was already mentioned. With many women returning to the work force, the need for time-saving meals is growing. The microwave oven's popularity has given retailers increased ammunition with which to compete with restaurants and fast-food chains for mealtime dollars.

The most pervasive argument for the power of convenience is the changing character of the stores themselves. Convenience is repeatedly cited by consumers as the reason they purchase many HBA and GM items in supermarkets. As we have seen, the changing sales patterns and increased importance given to these departments reflect this move to give the consumer convenient places to purchase these items, while keeping them in a place where they are in a position to also pick up additional grocery items.

The same is true with the adding of many new services, such as photo processing, pharmacies, videocassette rentals, banking services and snack bars. The old concept of one-stop shopping was very evident in 1985, and is based on the consumers' search for convenience.

What this all means is that 1985 saw a continuation of the movement to keep the consumer in the store for a longer period of time. It should be emphasized, however, that this is quality time -time that the consumer is willing to spend in the store looking, and tasting, or taking care of most of her shopping needs—not time wasted on check-out lines. The future looks as if there will be an enhancement of the move to make stores attractive, exciting and places that are conducive to more leisurely shopping trips, while at the same time offering the quick service to those that do need to get in and out fast.

The strategy for the supermarket operator for the last part of the 1980's will be complex, and in most cases will differ greatly from operator to operator, chain to chain. Some will see their mission as one of providing quality food and groceries at a fair price, others will stress service and community involvement, still others will pursue the notion of the supermarket as a mini mall, or not-so-mini mall. We've seen during the past year trends starting to go off in all these directions.

If there is a common thread that binds these different approaches, it is the realization that the stores must serve and be a vital part of the community around them, and that being simply a distributor of food and supplies is no longer a viable way of doing business.

Every year somebody writes in these pages how complex an industry the grocery industry is. Well, in 1985 the industry didn't get a whole lot less complex—if anything it got more confusing. For an industry that is so large, and involves so much capital investment, it is remarkably flexible in terms of changing to meet the changes in the society around it. It certainly changes to the degree where a Consumer Expenditures Study is hard pressed to keep up with it, and expand enough to cover all the facets of consumer spending in grocery outlets. ■

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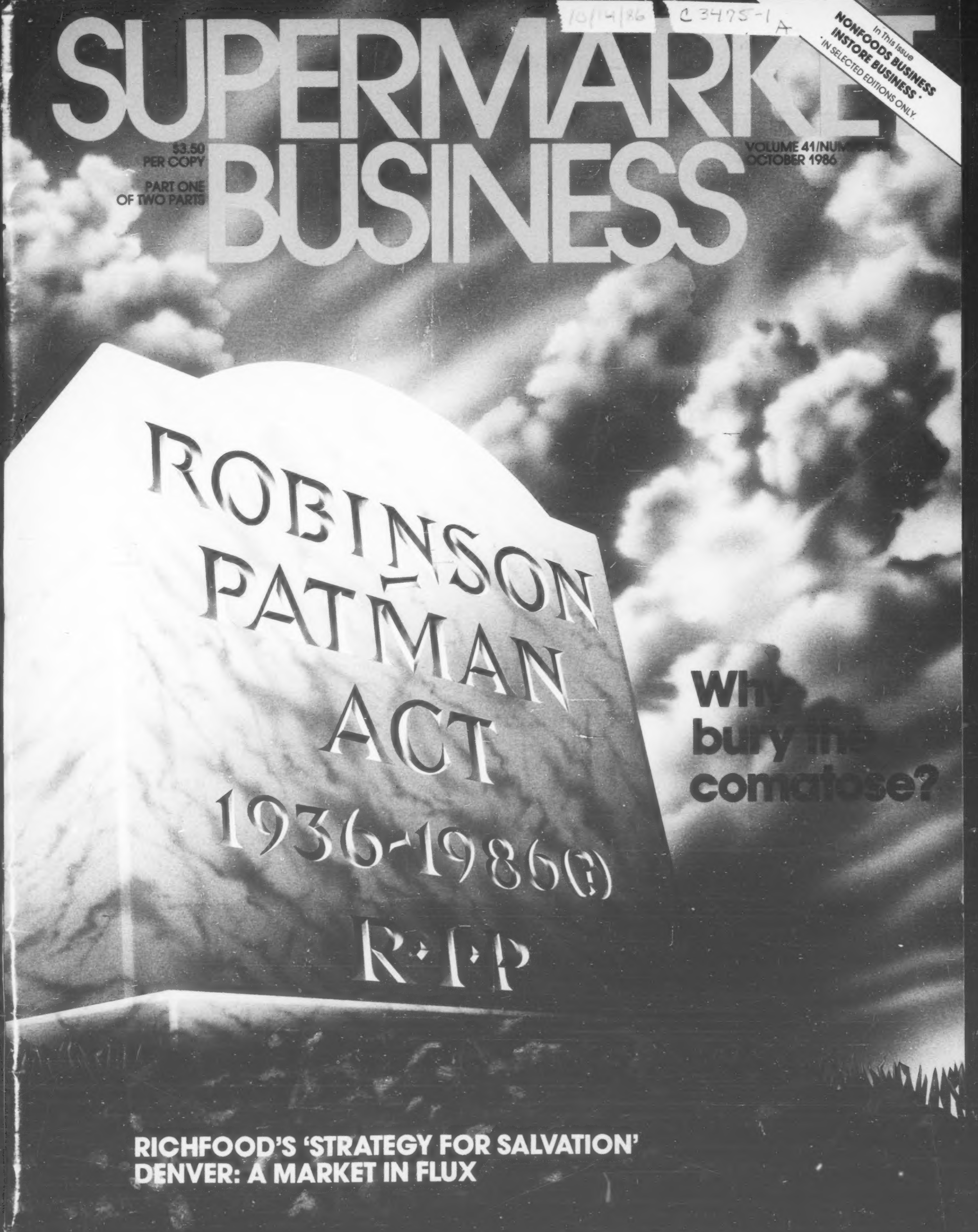
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The Robinson-Patman Act, which for 50 years has helped to protect free competition in the marketplace, is being reexamined by Congress. We polled people in all segments of the grocery business, to get their opinions on the Robinson-Patman Act and whether it should be repealed. The results are surprising.

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WHY BURY THE COMATOSE?

SB SURVEY FINDS STRONG SUPPORT FOR ROBINSON-PATMAN

While most industry members agree that the Robinson-Patman Act is not being enforced, the great majority would not want to see it repealed. They do not find fault with the act itself.

BY KEN PARTCH, EDITOR-IN-CHIEF

A business as competitive as the grocery business has few articles of faith. That's because all the participants are constantly searching for an advantage—both fair and sometimes not so fair.

The Robinson-Patman Act (R-P), however, was long considered by most segments of the industry—manufacturers, retailers, wholesalers and brokers—to be an article of faith. Many believed that it was the one, single difference that propelled free competition among small and large companies within the industry, compared to retailing and marketing in Europe, for example.

Robinson-Patman Poll
Should it be repealed?

	NO. POLLED	YES	NO	UN-DECIDED	NO COMMENT
Brokers	13	15%	77%	8%	—
Retailers	11	9%	55%	36%	—
Manufacturers	10	38%	50%	12%	2
Wholesalers	14	8%	92%	—	2
Total	**48**	**16%**	**70%**	**14%**	**4**

After all, it was said, it kept the big from swallowing up the small, among manufacturers as well as retailers and wholesalers. It provided the level ground, as it were, for all to play on a fair and equal basis.

What, then, has led to recent murmurs, grumbles, doubts, and even outright attack from—of all people—the newly appointed chairman of the Federal Trade Commission (FTC), Daniel Oliver? FTC is charged with enforcement of the Robinson-Patman Act, which is an amendment to, and therefore part of, existing antitrust law.

Why now? The answer, it appears, is part of the Reagan Administration's article of faith that unregulated business is the only form of free and unfettered competition that benefits consumers. Put simply, if competition (fair or unfair) forces weaker or more inefficient forms of retailing, wholesaling or manufacturing out of business in order to bring consumers the lowest prices possible, so be it.

Simplistic? We thought so. But where does this cry for "unfettered" competition come from? The industry that R-P regulates? Not to our knowledge. But just to get an updated view of industry opinion, we decided to poll members at all levels of the industry. The results?

Taken together and separately, the grocery business, by an overwhelming majority, does not want to see R-P repealed.

Food broker support

Food brokers, of course, are vociferous in their support of R-P. Brokers, in their present guise as independent, local representatives of multiple manufacturer or supplier accounts were, in effect, created by the Act in 1936, which prevents either party to a commercial transaction—seller or buyer—from collecting any commission or brokerage. The name "food broker" has remained, although this person is no longer a broker, and may be as much into nonfoods, health and beauty aids (HBA), or general merchandise as food.

Last month, the National Food Brokers Association (NFBA) president, Charles F. Haywood, sent a letter to the chairman of FTC, and published a news release that reaffirmed the food brokers' support of R-P, stating: "The members of NFBA, from close personal observation, have seen that the R-P Act for many years has done more than perhaps any other law to make competition of the food industry free and fair to all competitors."

Similarly, the National Grocers Association (NGA), representing independent retailers and wholesalers, issued a news release stating: "Obviously, NGA will continue the good fight for fair and consistent enforcement of antitrust laws and will oppose any attempt to undermine the Robinson-Patman Act, which serves the interests of both business and consumers."

In fact, no national trade association in the grocery industry, including the Grocery Manufacturers of America, would support repeal of R-P.

Both responses, those of NGA and NFBA, were prompted by a speech given before the American Bar Association's Anti-Trust Section by FTC Chairman Daniel Oliver. Chairman Oliver, who was appointed some six months ago, suggested to the ABA that "perhaps the time had come for Congress to take a good hard look at the Robinson-Patman Act, the statute that costs American consumers millions of dollars every year, while providing benefits for relatively few firms."

The chairman did not, in fact, call for Congress to repeal the Act. But coming after his statement: "I intend to address and, I hope, secure changes in some of the aspects of antitrust law that reflect mistaken judgments of the past," many industry observers took that to mean asking for repeal.

Retailers divided

Retailers, especially large chains, and manufacturers were most divided on the issue of whether or not they would support repeal of Robinson-Patman. A clear majority of both groups, however, wanted R-P to remain.

In 1936, the establishment of the R-P Act seemed to clear the air and settle the issue of whether quantity of purchase and buying direct entitled a large company (A&P) to a special discount, over and above what other retailers paid for groceries. At the time, many states were passing anti-chain legislation, allegedly to "keep local money at home." R-P settled this question, as well.

The law forbids discriminatory kickbacks and discounts from seller to buyer, and it forbids discriminatory pricing to destroy competition. "It shall be unlawful," the Act states, ". . . to sell or contract to sell, goods in any part of the United States at *prices lower than those exacted* by said person elsewhere in the United States for the purpose of destroying competition, or eliminating a competitor in such part of the United States; or, to sell, or contract to sell goods at *unreasonably low prices* for the purpose of destroying competition or eliminating a competitor."

On the issue of promotional allowances, the law states: "It shall be unlawful for [the seller] to offer payment of anything of value to or for the benefit of a customer . . . unless such payment or consideration is *available on proportionately equal terms to all other customers competing* in the distribution of such products or commodities."

As clear as that language may sound, its interpretation and enforcement may differ from one Administration to another, and one FTC chairman to another, as night to day. It is universally believed in the grocery industry today that the law is not being enforced.

Opposing viewpoints

It is interesting to note that two opposing points of view, one "for" repeal and one "against," agreed that the law was not being enforced. For example, Lucky Stores (Dublin, Calif.), was in favor of repealing the law, but felt that there would be little impact on the industry because R-P was not being enforced. On the other hand, Michael Wright, chairman of Super Valu (Minneapolis), who is not in favor of repeal, also said: "Enforce it, or repeal it." Wright also pointed to the areas of the world that have no act such as R-P, and the dominance there of big chains.

Wholesalers in general were predominantly against repeal, and in the largest majority of any segment of the industry.

Drayton McLane Jr., of McLane Co. (Temple, Tex.) stated: "I think the R-P Act helps to maintain fairness in business. There are a lot of huge companies among retailers, wholesalers and manufacturers, and then there are a lot of medium and small companies at all levels of the industry. With the concentration that is going on at all levels, repeal of the R-P Act could strengthen the position of the strong, big companies to the detriment of the medium and small companies. I also think you would see consumers hurt in many ways."

One supplier of high-volume, store-door-delivered products, had the most original comment to make: "I think it should go," he said. "The R-P Act generally protects the large companies. Therefore they put excesses into their business. The big companies are controlled by these excesses. Without R-P we would have mavericks, and we don't like to play with mavericks. You can't predict what they will do. And then we would have to get down into the dirt and slug it out. We would have to lower our prices. R-P is not being enforced. But it is being enforced when I, the manufacturer, want to enforce it."

Nobody, it seems, is much excited about what Robinson-Patman is doing to the grocery business, in a negative sense. More of those polled mentioned what the Act is *not* doing. The question then is: What is it that FTC Chairman Oliver seems to think it is doing? ■

FTC DISCUSSES ROBINSON-PATMAN

On Sept. 16, 1986, SUPERMARKET BUSINESS interviewed Jeffrey I. Zuckerman, director of the Bureau of Competition of the Federal Trade Commission (FTC). The bureau is responsible for FTC's antitrust enforcement activities.

SB: Who benefits, today, from the Robinson-Patman Act (R-P)? Big companies, small companies?

Zuckerman: Who benefits? Inefficient firms benefit, primarily. Inefficient firms, large and small. To some degree it depresses price competition. The ones who least benefit are consumers, who pay higher prices than they would otherwise. They don't get the full benefit of efficiencies from firms of various sizes.

SB: But wasn't the original intent of the Act based on the belief that these "benefits" to consumers would be short-lived, and that later, prices would go back up once a few powerful companies could control the marketplace?

Zuckerman: What marketplace? If a group of companies form cartels to control a market, there are existing antitrust laws to deal with that. There's the Sherman Act.

Let's take Anytown, U.S.A. There is a price war. Prices go down and consumers benefit. The price war ends, and prices go back up. Do they go back to where they were?

SB: Who knows?

Zuckerman: Then that becomes your critical question. If they don't go back up to where they were before, consumers are certainly better off than without the price war.

SB: But what have they really saved?

Zuckerman: They save what they have saved.

SB: Yes. But in the meantime, a lot of people may be out of business. It's too late then.

Zuckerman: I want to get something perfectly clear. There are three points to understand:

One, as long as the R-P Act is on the books, we are going to enforce it. If somebody wants to come to us with complaints, we will, to the extent of available resources, investigate complaints of violation of the R-P Act.

Two, the point the chairman [FTC chairman Oliver] was making is that the R-P Act is anticompetitive. It denies consumers the benefits of free and unfettered competition. It restrains competition. Particularly, it restrains price competition.

Three, he did not call for the repeal of the R-P Act. He said that it might be worthwhile for Congress, if they are interested, in dealing with the effects of the R-P Act. If they want to do that, they are welcome to do that. But we are not opening some campaign for repeal of the R-P Act.

It is simply that the American people ought to know what the effect is of some of these statutes that are on the books. I don't want anybody to lose sight of the fact that we at the FTC are going to enforce the law.

SB: There used to be something called the Fred Meyer decision that dealt with promotions and regular prices. What ever became of the Fred Meyer decision?

Zuckerman: We have here [at FTC] the Fred Meyer Guidelines. We have been revising the guidelines so that they reflect the current decisions. I would think that the Commission will be reviewing the guidelines and that we will be able to get them out sometime in the near future.

SB: In the early '80s, while there was considerable inflation, manufacturers were running deal upon deal under the so-called regular price. Buyers could buy enough product to last until the next deal, so that there was no regular price.

Zuckerman: But there was still competition.

SB: Then why did we need a Fred Meyer decision? Wasn't one of the purposes of that decision to re-establish a regular price in between promotions?

Zuckerman: Those are two different things. To the extent that there are violations of law, as I say, and we receive them, we have various enforcement obligations. And we will enforce the law.

SB: How do you measure efficiency? Is it simply the price to the consumer? Or, to put it another way, when do economies of scale become muscle?

Zuckerman: When somebody wants to use inflammatory language. When you reduce analysis to rhetoric, you start hearing about muscle. What is muscle? The basic purpose of the antitrust law is to promote free and unfettered competition. Both as a means to maximize the American people's economic welfare, and because free and unfettered competition is the economic system that is the underpinning of our democratic social and political institutions. That is the basic policy of the antitrust laws.

The Supreme Court has said that we should try to interpret the R-P Act to be consistent with those other antitrust laws. What does that mean? It means that there is tension between the R-P Act and other antitrust laws in dealing with the grocery business. This is an intensely competitive business.

SB: Yes, and it is getting more so with the shift to larger stores . . . stores that can do the volume of four or five conventional supermarkets.

Zuckerman: Is that new? We've been hearing about the transition to large firms for 50 years in the grocery business.

SB: Big stores, not big firms. Food Marketing Institute defines a supermarket as a store that does $2 million a year. We have stores now that can do that in a couple of weeks.

Zuckerman: For 50 years now we've heard about the bigness threat in the grocery business, as if there was some danger in it. By and large we see an intensely competitive business. There is intense competition to satisfy consumers through a mix of price, product and service. As a general proposition, we think that that is exactly what the American people are entitled to.

SB: Do you have a yardstick that would tell when a market is becoming uncompetitive? For example, let's say when two operators have 80 percent of the business?

Zuckerman: You have to look at other things. Are there barriers to entry into the market? Is there any real prospect of collusion, overt or tacit, among these firms?

SB: We have seen where an attempt is made to enter the market, and all the prices among the leaders come down. As the new entry gives up or goes out of business, then all the prices go back up. Would that be considered predatory pricing?

Zuckerman: You would have to look at the specific facts of the market.

SB: Here's a different example. Retail co-ops have difficulty in securing deals from manufacturers that are as favorable as a regional chain gets. The manufacturer feels that the regional chain can do a better job than the co-op in guaranteeing performance on a promotion. The co-op can't always guarantee that performance, because the management can't dictate to all its independent members. The manufacturer feels that it is too much trouble to contact all the members, or that he just won't get the performance, so he gives the deal to the chain.

Zuckerman: If they can't perform, why should they get the deal? Why should the manufacturer incur greater costs, and therefore the consumer have to pay higher prices for food? Many of these people are on food stamps. Why should they pay higher prices?

SB: Thank you, Mr. Zuckerman. ■

FOCUS GROUP:

CONSUMERS SPEAK OUT ON GM/HBA AT SUPERMARKETS

In a special forum sponsored by NONFOODS BUSINESS, consumers revealed a continuing distrust of general merchandise sold in supermarkets, while at the same time endorsing larger HBA departments.

BY KEVIN COUPE, SENIOR ASSOCIATE EDITOR

Bob is a married man with four children. A high school history teacher by profession, he does a great deal of the supermarket shopping for his family. When it comes to purchasing health and beauty aids (HBA), he has a firm philosophy: He buys just about everything in the supermarket, and he buys only what he is told to.

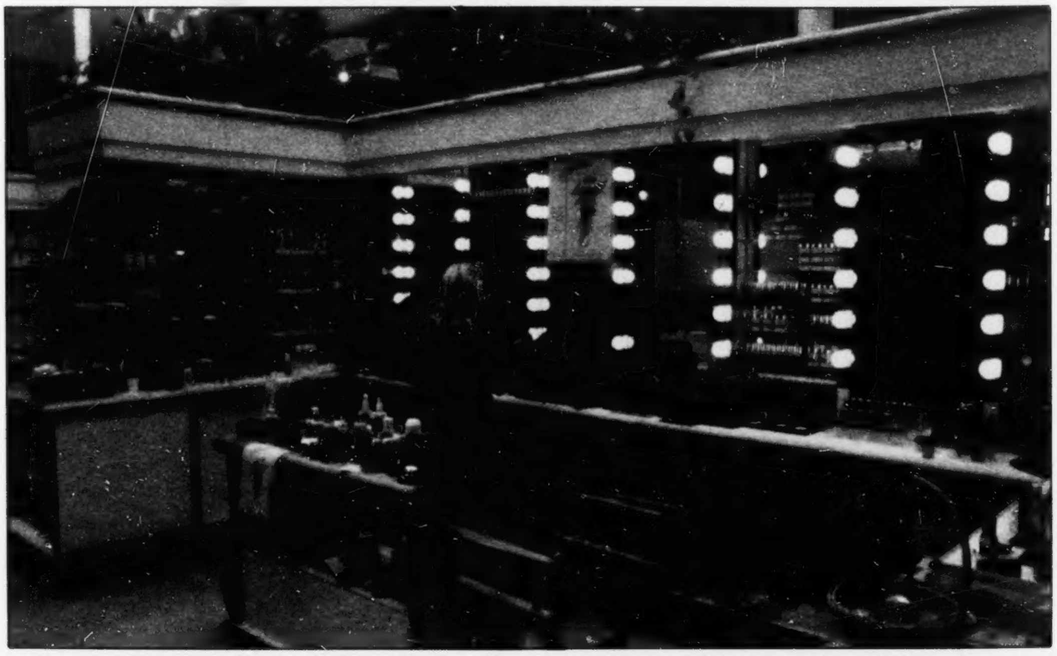
"I shop for four women in the house, and I don't shop as much as I buy what I'm told to buy," he says. "It goes on the list. I don't look for the best price or the best deal. I don't meddle with that. Everything else, I really shop, I compare, I make choices. But in HBA, I've learned."

Everything else, it seems, except in general merchandise (GM), a category that Bob is not terribly comfortable with in the supermarket. He acknowledges a legitimate need for some GM items in the supermarket: "Quickie-type items. Greeting cards, utensils, some basic cooking needs." But when it comes to housewares, soft goods or small appliances, Bob would more likely than not shop at a discount store or mass merchandiser—even though he goes to several supermarkets several times a week.

"It really is a question of quality," he says. "And time. When you buy something of quality, you want to spend more time on it. So, when I want a quality item, I wouldn't buy it in a supermarket. When I go into a supermarket, I make a lot of fast judgments, the wheels are always moving on the cart, and the mind is working very fast. I'm in a certain mode. And I'm in a different mode when I shop for a quality item."

Bob is not alone. In an effort to gauge changing consumer attitudes toward the purchase of HBA and GM items in supermarkets, NONFOODS BUSINESS recently sponsored a focus group discussion in Fairfield County, Connecticut, of nonfoods buying habits. Focus groups are used in retailing, manufacturing and service industries to bring together male and female consumers of varying ages, origins and interests, to gauge their needs in a variety of categories that have an impact on the sponsor's business. The NONFOODS BUSINESS focus group consisted of 10 participants who represented a range of ages, lifestyles, attitudes and needs. Eight were women, two were men.

But despite the differences among those questioned by NONFOODS BUSINESS, there appeared to be a central dichotomy to their thinking. All



Focus group participants favored expanded cosmetics departments, such as this one at Alfalfa's Market in Denver.

Segregation of GM rather than cross-merchandising, such as at JM Bauersfeld's in Topeka, Kansas, was suggested by the focus group.

shared the clear perception that supermarkets have improved in the nonfoods area, and all said they buy HBA items in supermarkets whenever possible. But they appeared hesitant in the area of GM.

In general, though, nonfoods items are showing strong growth at the supermarket. According to SUPERMARKET BUSINESS's 39th Annual Consumer Expenditures Study (CES), sales of general merchandise rose by 4.2 percent at grocery stores last year. Health and beauty aids sales rose by 6.4 percent. Many very large stores are investing in nonfoods as a good customer draw. Farm Fresh (Norfolk, Va.), for instance, sells what it calls "nontraditional" nonfoods in its stores, with sales accounting for 30 percent of store volume, according to Eugene Walters, president and general manager.

Few choices, and many

But in many parts of the country, retailers don't yet want—or need— to stock extensive general merchandise and HBA selections. Fairfield County is *not* the country's most advanced when it comes to supermarkets. There are no 80,000-square-foot super warehouse stores in the immediate vicinity, and "Cub" refers only to a small bear or a junior Boy Scout. But it is an area offering broad choices to the consumer: mass merchandisers, discount drug stores, catalog showrooms; even department stores vie for many of the same consumer dollars.

Some so-called super stores can be found in the marketing area, with both Pathmark and Stop & Shop offering varying degrees of nonfoods presence. More than half an hour to the east, in Orange, Conn., there is an Edwards Food Warehouse, but relatively few Fairfield County shoppers appear to make the trek there. Mostly, the area offers conventional chain supermarkets and an eclectic range of independents, the most conspicuous of which is Stew Leonard's.

From the convictions expressed in the focus group, it is clear that none of the participants have yet experienced the strong nonfoods approach taken by stores around the country such as The Real Superstore in Louisiana, Vons or Ralphs in California, or even The Experience in Edison, N.J. The concept of expensive housewares or appliances being offered within the confines of a supermarket was foreign to them.

If the group of shoppers gathered by NONFOODS BUSINESS is indicative of the larger population, Fairfield consumers' attitudes toward supermarket shopping are reasonably orthodox. Some like it. Others don't.

Oft-visited

Among those questioned, people indicated that, like it or not, the supermarket was at least a once-a-week visit, and often several times more. Said one woman, "I go five or six times a week. A lot of times I like to buy my main meal or my nightly meal, so I'll stop at the store on my way home from work." Another woman echoed that sentiment, noting that her family eats "a lot of fruits and vegetables and I like them to be the freshest. I get some lettuce here, and in another day or two pick up some more."

Cooking utensils were among the items participants said they would purchase at a supermarket, but they drew the line at kitchen appliances.

It's not just women running to the store, either. According to one of the men questioned, "I go at least once a week for the big shop. And then, there's the occasional stop on the way home for things you forget or run out of."

According to the focus group, consumers seem to want HBA offerings in supermarkets, but not GM items—especially housewares.

There's the other side of the coin: two of the women in NONFOODS BUSINESS's focus group said they went to the supermarket just once a week, but reluctantly. Said one: "Once a week. I try to avoid it." The other agreed. "I try to do it just once a week," she said. "I don't enjoy shopping."

But whatever the attitude toward supermarket shopping, none of those questioned—admittedly not a scientific survey, but nonetheless a representative enough sample to make the responses intriguing—said they were enamored of GM selections in supermarkets, nor did they particularly want supermarkets to improve their GM stock.

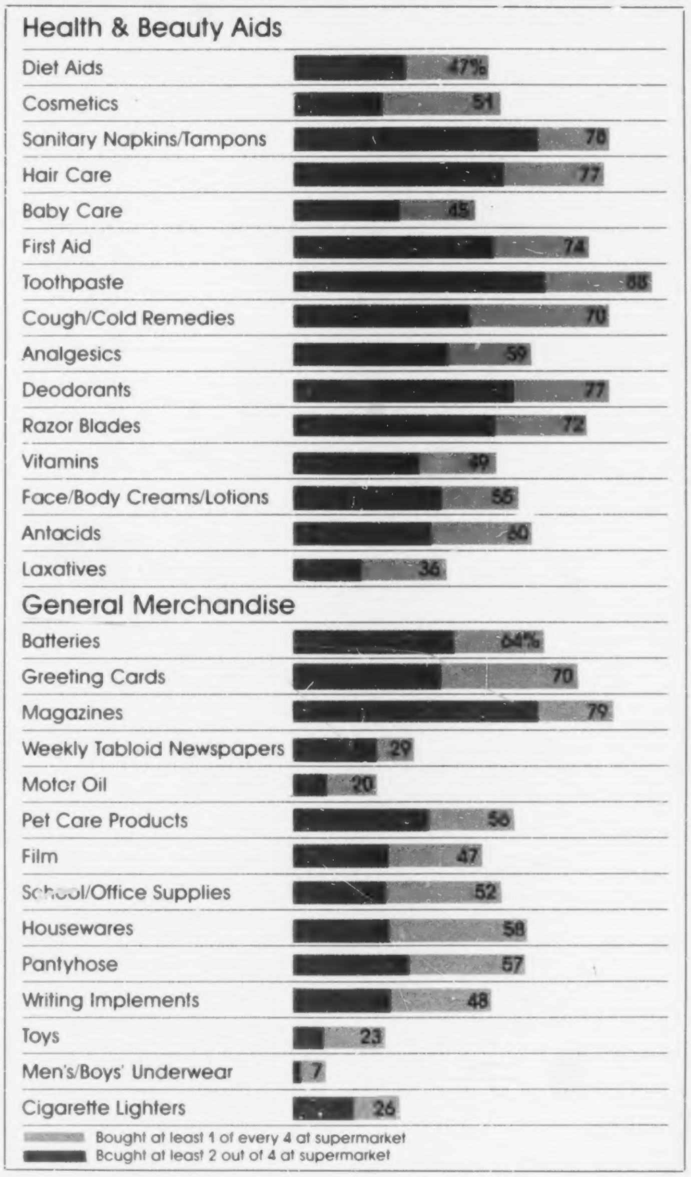
Fast-track shoppers

"I wouldn't go to the supermarket hoping to buy these items, for whatever reason," said one woman. "They hit me as the kind of things I might pick up at Caldor (a discounter akin to K mart). I'm not psychologically geared to look for them in the supermarket. There's no pleasure in running up and down those aisles, not for me at any rate, and when I shop for general merchandise, I like to look around.

"If I'm going to buy car wash, I really like to read the labels and see the differences between them. I don't have time for that in the supermarket. It's not a leisurely place for me. It's running down the aisles and keep on moving. A lot of these things, records and tapes and so on, you really want to look at. I don't have the time to do that in the supermarket."

Continued on page 49

A recent survey co-sponsored by NONFOODS BUSINESS and conducted by *Better Homes and Gardens* magazine revealed that most HBA items and many GM items are purchased in the nation's supermarkets. More than 70 percent of the 400 shoppers polled reported purchasing toothpaste, magazines, feminine hygiene products, hair care items, deodorant, first aid products, greeting cards and razor blades in the supermarket; many of them said they made at least half of all GM/HBA purchases there. The chart at right breaks down the percentage of shoppers who made one out of every four and two out of every four GM/HBA purchases in the supermarket.



Continued from page 45

Indeed, supermarkets seem to occupy a specific psychological niche in the minds of these shoppers: they view supermarkets as places geared toward speed and convenience. General merchandise, at least in their view, is not to be purchased in such places. "I would never buy a hair dryer or a toaster or anything like that in a supermarket," was a familiar refrain. "I don't know why, but I just wouldn't do that."

Time element

"I'm always in a rush to get out of the store, and there is the time element," said one woman. "You can't look at something if your food is melting."

One of the other women in the group agreed. "I'd want lots of GM, but what happens when you put all these items in the store? You get a crowd of people. I don't want all those men standing on line in front of me with cans of motor oil. I want to get through the line," she said.

"Basically, I like what's in there now," she said. "I'm an impulse buyer. If I see a wooden spoon and I've just broken one, I'll buy it in the supermarket. But if I was sitting home and I needed wooden spoons and a toaster, I'd go to a housewares store. I would probably not go to the grocery store. It wouldn't even come to mind to go to the grocery store."

One of the men in the group suggested that supermarket staffs are unprepared to handle general merchandise sales. "Food is handled one way, and GM is handled another," he said. "The way some of these people pack bags, you don't want a toaster in there. You have enough trouble with apples and oranges."

If these consumers were skeptical about how convenient it would be to buy general merchandise in the supermarket, they were also cynical about how good the prices on such items might be. "Price has to be a major factor," said one man. "You're going to look for the sales. I can't imagine supermarkets being that competitive."

One man commented that supermarkets could hardly sell a sufficient number of the items to be able to match discounters on price: "I can't imagine that a supermarket could carry enough of these things to make it worthwhile. I can't imagine buying any apparel or toys there. They're big, they're bulky. Bottles and jugs, yeah, they try to keep a selection, but it's usually throwaway types of things. I know they have lounge chairs sitting on top of the shelves, but I wouldn't buy one there."

(Toys were viewed by one man as almost the ultimate evil:

"Probably the only things I don't buy at the supermarket are cosmetics," said one woman—but that was only because her store doesn't stock the kind she prefers. If it did, she would.

TOOTHPASTE
CANDLES BOWS

Participants had different opinions on greeting cards in supermarkets, as at Toddy's in Fort Collins, Colo. (above). Some said the supermarket was an ideal place for them, others said that selecting them took too much time.

"The last thing you want is toys in the supermarket," he said. "You have enough trouble keeping kids away from the rest of the stuff.")

But, while price and convenience were the most-discussed reasons why these consumers would not patronize their supermarkets for general merchandise, a far less analytical response typified their attitudes: "It's not that there's anything wrong with buying GM in the grocery store," said one woman, "it's just that Caldor has sales on those items every other week. We always run to Caldor for that stuff. I wouldn't think of buying hair dryers or such things at the supermarket."

Against clutter

At the same time these consumers were agreeing that supermarkets have no business in the GM area, they were also acknowledging that if supermarkets are to appeal successfully for their nonfoods dollars, they'll have to establish a better merchandising system. Chief among their suggestions was one that proposed setting nonfoods offerings apart from groceries. "I don't want to look at cluttered items hanging all over the place," one woman said. And others agreed.

Just such an approach can be seen in Vons Pavilions's marketing of nonfoods products in a different section of the store from its food products. The store is profiled in this month's NONFOODS BUSINESS, p. 53.

"If you go down an aisle that has HBA, that's your mind-set," said another woman, noting that too many stores that she visits tend to cross-merchandise beyond all comprehension. "When you go into produce, that's your mind-set. That's what you're looking for, that's what you have on your mind. It is distracting when you go into a store and find frozen food on one side of the aisle and HBA on the other. It's distracting, and it's cold. You reach for the band-aids, and you get a cold flash."

Separate check-outs

One woman even suggested separating supermarket check-outs into food and nonfoods, allowing those with general merchandise selections to avoid those shoppers buying $100 worth of food—and, of course, keeping those nonfoods shoppers out of the food buyer's way as well.

Part of these shoppers' reluctance to purchase general merchandise in supermarkets can be traced to their admittedly strong addiction to coupons.

Focus group members expressed a great deal of cynicism about prices on GM in supermarkets, maintaining that they have to be higher than elsewhere.

Almost all of them said that they liked the price advantages offered by double coupons, and that general merchandise is usually unaffected by such coupon strategies. But while coupons negatively affect their GM buying habits, they have a marked positive influence on where they buy their HBA items.

Said one man, "Aside from the convenience of being able to do everything in one stop, one reason why I try to pick up whatever I can at the grocery is that if I have coupons, which I try to use as much as possible, and shop the store that gives double coupons, I get an additional savings on these things that I wouldn't get at a drug store, which may not even be used to taking coupons in the first place."

One of the women agreed. "Last year, First National had Nuprin at a very good price, better than Caldor's or anyplace else. Plus, the coupons: If I'm shopping for deodorant, and I have a 50-cent coupon, it's a dollar off when I get to the counter. So it's much cheaper than at the drug store. Your coupons come into big play when you're buying your health and beauty aids."

"Anything I can"

Even without coupons, these consumers said they appreciated the convenience of being able to buy their HBA products while buying groceries. One woman said that she goes to the supermarket "all the time. I know the managers and everything that's on the shelves. I mean, with kids you have to go all the time. I try to buy everything I can at the grocery store. I have to buy children's Tylenol,

Lack of service in supermarket HBA departments was not a problem for group members, who said that "you're probably not going to get any better help at any of the other retail chains."

At Vons Pavilions in Southern California, upscale cosmetics are made available to shoppers on portable carts that are rolled onto the sales floor; at a Massachusetts Foodmaster, selection of brushes, combs and other hair care products was expanded to suit consumers' changing shopping patterns.

Q-tips, and they have all this stuff. You'd have to go to the pharmacy or somewhere else for them. So, I buy everything I can in one stop. Anything."

However, some strong suggestions were made for chains' HBA buyers, especially in the area of product selection and sizes. Members of the focus group noted that because of space limitations, smaller sizes of products seem to be more evident than larger sizes, and said that this directly contradicts their needs.

"I have found that the selection in the grocery for those kinds of items is sometimes limited," said one man. "They have to squeeze it into less space. I may not find everything I need there, but I try the grocery first."

Less is less

One of the women agreed. "I think the sizes are limited because of the space in which they carry health and beauty aids. I like to buy something that's going to last me weeks, so I don't have to go back out and buy it again. If I look for shampoo, most of the sizes are smaller sizes, and I find that to be a great big problem. I'm paying a lot more money, and even with a coupon, I have this little bottle of shampoo that's not going to go anywhere."

Indeed, these consumers seem to have few qualms about making HBA purchases at supermarkets. Service, long the hallmark at small pharmacies, has either become too rare or too expensive to make much of a difference.

Said one of the men, "You're probably not going to get any better help at any of the other retail chains, as opposed to a supermarket. In the drug stores I've been to, I don't find that you get significantly better service. If you couldn't find something and you asked somebody, it would probably take as long to find it in a drug store as in a supermarket."

Coupons play a large role in the participants' buying habits: HBA purchases at supermarkets often were prompted by coupon offers.

In fact, these shoppers think that supermarkets ought to dramatically increase their HBA offerings in one specific area: cosmetics. Even to the point, they say, of establishing service counters and selling expensive, upscale products. Curiously, some supermarkets that have improved their nonfoods presence have shied away from upscale cosmetics counters, citing expense and shrink as factors in their decision. Some retailers, however, have made the concept work: JM Bauersfeld's (Topeka, Kan.) attracts customers by offering cosmetics so nice that there are few other places in town to obtain them.

"Probably the only things I don't buy at the supermarket regularly are cosmetics and fragrances," said one woman. "I use only certain ones, and they don't carry them. Otherwise, if they were there, that would be fine. I wish they were."

And, another woman agreed. "I don't buy cosmetics and fragrances, because the selection is so limited in supermarkets, and consists of the cheaper ones. But if they carried what I use, and the price were comparable, then the supermarket would be my first stop." ■

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SAMI UPDATE

BY ALAN MILLER, JR.

HBA Sales Suffer the Summer Doldrums

While summer weather may have been hot, sales of HBA items through supermarkets were not. Deodorants and shaving needs, however, posted gains.

This month we have a double report, since SAMI has 13 reporting periods a year while SUPERMARKET BUSINESS is published monthly. Therefore, this review combines unit sales trends of health and beauty aids (HBA) items during the reporting periods ending July 18 and August 15, 1986.

Unfortunately, there have now been four 28-day periods in which total unit sales have fallen below levels recorded in the corresponding year-ago periods. During the July reporting period, sales in all 50 HBA categories combined fell 1.8 percent and in the August period, they fell 2.0 percent.

In fact, HBA was the only product department to register a negative trend during these periods. As the summer progressed, tonnage gains were once again in evidence for frozen foods, which had been trailing the year-ago volume for several consecutive periods.

August picks up

In July, six of the eight product groups recorded declines, while in August only four did. The two product groups that moved from a minus to a plus trend were deodorants and shaving needs. First aid items and proprietary remedies stayed on the plus side during both reporting periods, while the other four— baby needs, hair care needs, oral hygiene and skin care aids— all remained in the minus column during both periods.

On a category measurement basis, the ratio of gains to losses improved slightly during the August period versus July, but most of the trending was negative. In July, only 18 categories showed growth, but in August this number increased to 22 categories. Accordingly, the number of categories showing losses were 32 and 28, respectively.

In the baby needs group, the baby powders category enjoyed a brief growth phase in July, but all four categories showed a downward trend in the August period. On an annual basis, the only category with growth is nursing supplies, which also has been showing weakness during recent months. Baby oils, creams and lotions and infant clothes had double-digit loss rates in August.

Among the eight categories of deodorants tracked by SAMI, five recorded unit volume losses in both periods, while two (stick deodorants and pads and foot deodorants and athlete's foot remedies) recorded gains in both periods. Roll-on deodorants had a loss of 3.9 percent in July, but recovered to register an increase of 2.1 percent in August. Sprays and creams continue to lose volume to sticks.

Deodorant and talcum powders, which had been showing growth as a result of line extensions for Shower-to-Shower, are now falling behind the year-ago sales rate. As of mid-August, only three deodorant categories had annual gains: stick deodorants and pads (+ 11.3 percent), deodorant and talcum powders (+ 8.1 percent) and foot deodorants and athlete's foot remedies (+ 5.6 percent). Cream deodorants had the highest annual loss rate (12.4 percent).

Both categories of first aid items exhibited growth during each of the two reporting periods. New product activity, particularly Benadryl, and strength among private label offerings help to account for the strong performance of first aid antiseptics, which forged ahead 13.8 percent and 12.3 percent, respectively. First aid products had more modest gains of 3.5 percent and 0.3 percent.

Now that hair styling mousse products have reached maturity, only minor increases are showing up in the hair setting needs category. Currently, the only standout category in the hair care needs product group is hair sprays, which continues to show double-digit gain rates. Sales of new Clairol Condition and the national rollout of Suave Hair Spray are partly responsible for these gains.

Strength in first aid

Sales losses have been recorded for three consecutive periods in the high-volume shampoo and hair conditioning rinse categories. Hair coloring items and hair dressing needs also had sales volume declines in food stores. But sales of home permanent kits, which declined 6.7 percent in July, mustered a tiny gain of 0.3 percent in mid-August.

In the oral hygiene group, the sales picture looks pretty bleak because of continuing sales reversals among toothpastes and gels, as well as both denture cleaners and denture adhesives. As of the year ending August 15, the only gains are found in the mouth wash category (less than 0.1 percent) and toothbrushes (+ 0.1 percent). The annual loss rate in the toothpaste and powder category amounts to 23 million units.

Remedies rise slightly

Among the 13 proprietary remedy categories for which more than a year of sales data is available, gains outnumbered losses seven to six in the most recent reporting period. Three of those gain rates, however, were less than 1 percent: antacids (+ 0.9 percent), internal analgesics (+ 0.1 percent) and sleeping aids (+ 0.5 percent). The 21 percent loss for tranquilizers is unimportant, since this category has been trending toward oblivion without shifting gears.

Sales losses were reported for three of the four cold remedy categories in both the July and August periods. Their annual sales as of August 15 were in the minus column: nasal sprays drops-inhalers (-5.0 percent), chest rubs (-2.4 percent) and cough remedies (-3.5 percent). Cold tablets, however, have reported gains for several months in a row. Their annual gain rate stands at 3.1 percent and the increase during the latest period is a strong 10.5 percent.

Losses of almost 1 percent were recorded for the laxatives and stool softeners category for the full year, 12 weeks and four weeks. Good gains have been recorded for three proprietary remedy categories of late: eye care products, appetite suppressants and synthetic vitamins. Their annual increases are 12.0 percent, 7.7 percent and 2.8 percent, respectively. The entire product group recorded a four-week gain of 0.5 percent, bringing the annual gain rate to 0.7 percent.

During the July reporting period, four of the five shaving needs categories tracked by

SAMI UPDATE

SAMI reported unit volume losses. The only category to gain was shaving creams. In the August period, however, three of the five categories reported gains. Gains of 1.4 percent for razor blades and 8.3 percent for razors and blades complemented the 5.4 percent upturn for shaving creams.

These gains offset losses of 9.7 percent for pre-shave lotions and 1.9 percent for after-shave lotions, resulting in a 2.1 percent gain for the entire product group.

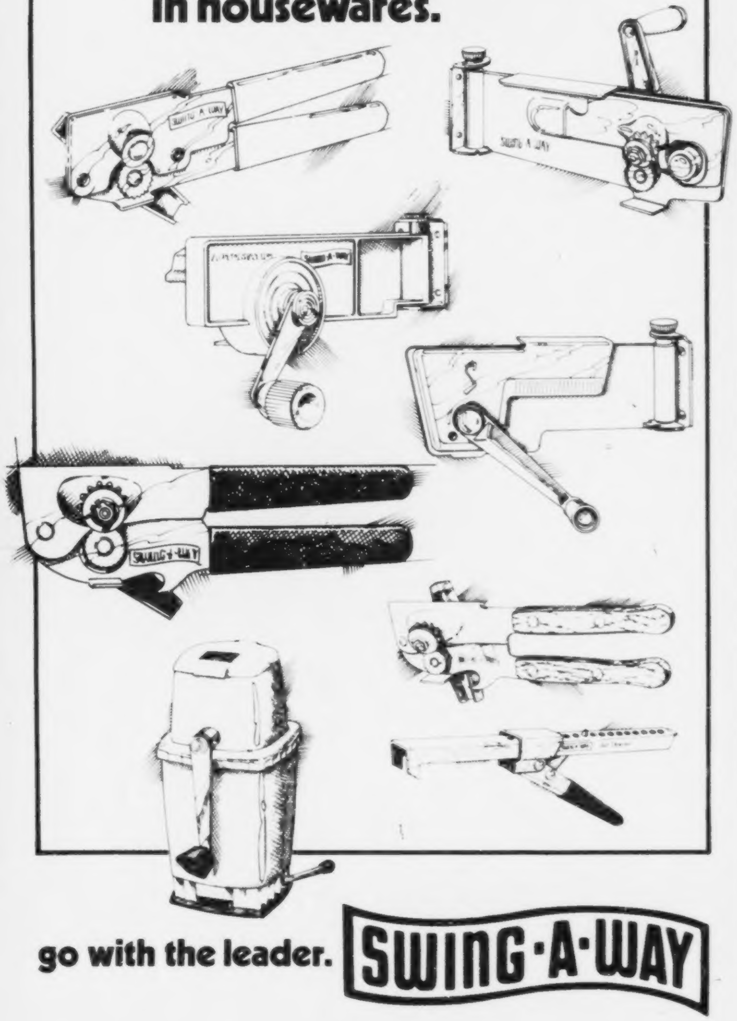
Annual gains were posted for four of the five skin care aids categories. Only cosmetic and medicated skin aids posted an annual loss rate (-3.0 percent), which is about the same as that reported for the August period (-4.0 percent).

The strongest category in this group is lip care products, which recorded an annual gain rate of 21.1 percent and a four week increase of 27.2 percent. Continuing declines were recorded for hand and body creams and lotions as well as facial preparations.

Unit volume for suntan lotions and oils was down 3.5 percent in the peak July period but rose to + 5.6 percent in August as the suntan season wound down. But the poor performance in hand and body creams and lotions, facial preparations and cosmetic and medicated skin aids gave the entire product group a loss rate of 2.2 percent in August, after a loss of 1.3 percent in July. ■

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

	% CHANGE VS. YEAR AGO		
PRODUCT GROUP AND CATEGORY	4 WEEKS ENDING 6/20/86	4 WEEKS ENDING 7/18/86	4 WEEKS ENDING 8/15/86
BABY NEEDS	− 6.6%	− 3.6%	− 6.7%
Baby Powders	−14.0	+ 2.6	− 5.5
Baby Oils, Creams & Lotions	− 4.6	− 4.9	−11.8
Infant Clothes	−12.8	− 13.7	−13.6
Nursing Supplies	− 2.4	− 3.3	− 0.4
DEODORANTS	+ 1.7%	− 1.9%	+ 0.5%
Sprays	− 7.0	− 6.6	− 4.5
Roll-Ons	+ 0.8	− 3.9	+ 2.1
Stick Deodorants & Pads	+10.1	+ 3.5	+ 8.0
Creams	−13.2	− 8.3	−13.4
Deodorants & Talcum Powders	+ 3.2	− 2.6	− 9.0
Feminine Hygiene Deodorants	+ 2.4	− 6.9	− 7.0
Foot Deodorants & Athlete's Foot Remedies	+ 4.4	+ 0.5	+ 2.5
Feminine Douches	− 1.0	− 2.1	− 8.8
FIRST AID	+ 1.7%	+ 6.1%	+ 3.2%
Antiseptics	+ 3.0	+ 13.8	+12.3
First Aid Products	+ 1.3	+ 3.5	+ 0.3
HAIR CARE NEEDS	+ 1.2%	− 1.1%	− 2.0%
Shampoos	− 0.8	− 6.1	− 5.6
Hair Sprays	+15.0	+ 16.3	+13.1
Hair Conditioning Rinses	− 4.2	− 3.0	− 4.6
Hair Setting Needs	− 0.7	+ 1.1	+ 1.7
Home Permanent Kits	− 5.2	− 6.7	+ 0.3
Hair Coloring	− 1.4	− 2.0	− 8.1
Hair Dressing Needs	− 2.5	− 3.9	− 9.3
ORAL HYGIENE	− 8.3%	− 7.8%	− 8.3%
Toothpastes & Powders	−13.0	− 9.8	−13.0
Mouthwashes	+ 2.1	− 2.8	+ 2.0
Breath Fresheners	+ 3.9	+ 0.1	− 2.5
Denture Cleaners	− 2.6	− 2.1	− 9.5
Denture Adhesives	− 4.8	− 6.5	− 9.0
Toothbrushes	+ 1.0	− 5.5	+ 3.0
PROPRIETARY REMEDIES	+ 1.0%	+ 2.0%	+ 0.5%
Antacids	+ 2.0	+ 2.1	+ 0.9
Internal Analgesics	+ 2.2	+ 2.2	+ 0.1
External Analgesics	+ 1.3	+ 3.9	− 6.2
Cold Tablets	+ 3.0	+ 6.3	+10.5
Nasal Sprays—Drops—Inhalers	− 7.2	− 3.1	− 0.7
Chest Rubs	− 2.6	− 7.5	− 7.3
Cough Remedies	− 6.3	− 4.2	− 5.4
Laxatives	− 1.2	− 0.7	− 1.0
Sleeping Aids	+ 0.3	+ 5.5	+ 0.5
Tranquilizers	−13.0	− 11.7	−21.0
Synthetic Vitamins	+ 5.4	+ 11.2	+ 5.1
Eye Care Products	+ 2.4	+ 3.8	+ 7.6
Appetite Suppressants	+22.3	+ 2.8	+ 4.1
SHAVING NEEDS	− 4.1%	− 5.2%	+ 2.1%
Shaving Creams	+ 2.5	+ 1.4	+ 5.4
Pre-Shave Lotions	− 7.9	− 11.0	− 9.7
After-Shave Lotions	−13.5	− 7.1	− 1.9
Razor Blades	− 5.3	− 7.2	+ 1.4
Razors & Blades	−13.1	− 15.5	+ 8.3
SKIN CARE AIDS	± 0 %	− 1.3%	− 2.2%
Hand & Body Creams & Lotions	− 3.3	− 0.4	− 4.6
Facial Preparations	− 2.6	− 6.9	−10.7
Lip Care Products	+32.7	+ 9.3	+27.2
Suntan Lotions & Oils	− 1.8	− 3.5	+ 5.6
Cosmetic & Medicated Skin Aids	− 5.2	− 1.8	− 4.0
TOTAL ALL CATEGORIES	− 1.5%	− 1.8%	− 2.0%



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